

## BUDGET OVERVIEW

### *Board of Commissioners' Fiscal Year 2016/17 Goals*

Lobby private providers and State and Federal government to expand broadband internet availability throughout County, connect key community assets, and work to address geographic areas with deficient service.

In partnership with the private sector and assistance from State government, support the creation of jobs and property tax base and the development of the County's workforce. Specific strategies include:

- a. Support the enhancement of workforce development programs and efforts, working with educators and the private sector to train the workforce for jobs from existing and new employers that will be available through the efforts of the Economic Development Corporation (EDC).
- b. Aggressively promote and market economic development.
- c. Review incentive guidelines to ensure they are competitive but reasonable in terms of return on investment.
- d. In partnership with the EDC and Hickory, develop and aggressively market Park 1764.
- e. Continuously monitor County regulations to ensure they support orderly growth and business development.

Collaborate with the Economic Development Corporation, Convention & Visitors Bureau, Chamber of Commerce, and others as appropriate to brand and market key community strengths:

- a. Overall quality of life: cost of living, availability of health care, low crime rate, quality of education, etc.
- b. Community arts, culture, and recreational amenities
- c. Location: proximity to major airport, ease of highway access, short distance from other attractive communities with strong amenities

May 23, 2016

I present to you my recommended Catawba County Fiscal Year 2016/17 budget in the amount of \$252,735,718, which maintains a property tax rate of \$0.575 per \$100 of valuation and reflects a 2.5 percent increase in County operations. The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act.

As Catawba County's economy grows, as shown by decreasing unemployment (5.1 percent as of March 2016), strong sales tax revenue growth, and increasing building permit activity, the County is taking deliberate steps to accelerate and reinforce this economic growth. The Board of Commissioners' goals, which serve as a compass to guide the organization in making decisions, focus on economic diversification, workforce development, and the importance of key community infrastructure like broadband internet access in creating and promoting business, learning, and a quality sense of place. The budget strategically invests to enhance quality of life and harness the positive momentum of the local economy. Highlights of these investments include:

- **Education** – The County's three public school systems receive a 3.8 percent increase in per pupil funding and Catawba Valley Community College (CVCC) receives a 3 percent increase in total funding to support operations, teacher recruitment, and retention. In addition to the current expense funding increase, the budget funds increased capital for schools.
- **Economic Development** – The County's contribution towards local economic development, spearheaded by the Economic Development Corporation (EDC) and supported by a funding partnership with the municipalities, has contributed to the generation of \$517 million in private sector investments and 434 additional jobs. In the current year, the County awarded bids for site preparation work at the NC Data Campus. The budget includes funds to continue this work and for business incentives to promote community investment. Resources are included to support well-planned development in southeastern Catawba County, including a

## BUDGET OVERVIEW

sewer study and modeling of the southeastern County service area, and installation of sewer sleeves along Highway 16 to accommodate future growth. Investments in Building Inspections and Environmental Health staff will contribute to the County's business-friendly environment by ensuring responsive permit turn-around times.

- **Public Safety** - To achieve the Board of Commissioners' goal of maintaining an average 8-minute Emergency Medical Services (EMS) response time, the budget funds a full year of costs for paramedic crew expansions at Bandys and Mountain View bases that occurred during the current fiscal year.

Previous investments in Sheriff road patrol deputies as well as narcotics and criminal investigators appear to be paying off as the County has seen increased proactive policing and decreased road patrol response times and crime rates. The budget assists the Sheriff's Office in its aggressive pursuit of drug-related crimes by funding two additional narcotics investigators and increased investigative funds.

The budget increases revenue set aside for a long-planned expansion of the Catawba County Detention Center. Total costs for the project are estimated at \$17 million, and \$8.8 million will have been set aside by the end of the fiscal year. The expansion is driven by a growing jail population and Burke County's decision to close a shared district confinement facility, and will add 256 inmate beds. Construction is expected to begin in Fiscal Year 2017/18.

The opening of the expanded Justice Public Safety Center (JPSC), anticipated in April 2017, drives planned personnel and operating increases, as follows:

- Two court bailiffs (primarily focused on covering security stations and monitoring cameras).
- Three E-911 telecommunicators driven by increasing call volume and to more closely pair staffing with peak and off-peak times—something that isn't possible in the existing center due to space limitations.

- One maintenance mechanic dedicated to providing maintenance and repair assistance to the new facility.
- One network engineer to support the large technology investment in the new building.
- General operating costs such as utilities, janitorial and security services, maintenance and repair, and supplies.

- **Parks** - Funds are included in the budget to begin planning and design for Mountain Creek Park in southeastern Catawba County and to potentially expand the footprint of Riverbend Park through acquisition of adjacent property. Both of these projects align with the objectives in the recently adopted Parks Master Plan, a community-based plan developed with input from citizens throughout the County.

*For Fiscal Year 2016/17, the Board of Commissioners established a goal of branding and marketing key community strengths, each of which contributes to Catawba County's strong **quality of life**. The budget strategically invests in education, economic development, public safety, and parks to enhance quality of life and harness the positive momentum of the local economy.*



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The County is able to make these investments within available revenues and without increasing property taxes, continuing its track record of strong fiscal stewardship and conservative budgeting. There are, however, significant potential pressures on the horizon beyond the County's control that need to be taken into account due to their likely impacts on future spending.

- Continued erosion of State and Federal funding, unfunded mandates, and legislative decisions with direct impacts on County revenues, such as sales tax, remain a concern.
- Economic growth is a positive for the community but comes with an associated cost that must be planned for, in order to maintain financial sustainability. Business expansion and private sector investment may drive population growth, bringing with it increased County service demands and higher public schools student enrollment (which in turn, drives school operating and construction needs).

While the County can't control these pressures, it can approach them thoughtfully, anticipating and developing mitigation plans, which is being done through the County's conservative budgeting philosophy and focus on long-term financial sustainability. Comprehensive long-range plans have been developed for critical service areas such as school construction, jail expansion, EMS, water and sewer infrastructure, parks, libraries, and solid waste. In the coming years, the County will continue to focus on anticipating future service pressures and delivering responsive services to the community.

I encourage you to explore the budget message to learn more about these investments and how the County will achieve the Board of Commissioners' goals. The complete budget document may be accessed online at [www.catawbacountync.gov](http://www.catawbacountync.gov).

This marks the 38<sup>th</sup> budget I have produced during my tenure with Catawba County. It also marks my last. Over the 44 years of my employment, a lot has changed in both the community and the County organization. Some things, however, have remained constant: the County's focus on long-term planning and building a better future through collaboration and continuous improvement. The work of local government is never done, but Catawba County continues to move in the right direction, and I have always striven to contribute in a positive and long lasting way. It has been an honor and a privilege to serve the citizens of this community, Boards of Commissioners, and employees. Thank you.



J. Thomas Lundy  
County Manager



Catawba County has consistently delivered quality services across a wide range of functions, supported by one of the lowest tax rates, strong program performance, and fiscal stewardship. The quality of these services has earned Catawba County a reputation for innovation and creativity both State-wide and nationally. Examples of the quality and value of County services include:

- EMS crews maintaining an average County-wide response time of 8 minutes or less, in the face of steadily increasing call volume;
- Emergency 911 calls dispatched in just over 46 seconds, much faster than the national average of between 75 and 110 seconds;
- Sheriff emergency response times improving, resulting from recent investments in additional road patrol deputies to keep citizens safe;
- Catawba County's index crime rate decreasing 37 percent since 2011, with a 38 percent decrease in violent crime and a 63 percent drop in property crime over the same period;
- 45 percent of each local property and sales tax dollar committed to education, with total current expense funding for the three public school systems ranking 15<sup>th</sup> State-wide, and total local support for CVCC ranking expected to improve to 16<sup>th</sup> State-wide;
- Catawba County is the State-wide leader in recycling, ranking #1 in North Carolina for public recycling per capita for the second year in a row in 2014;
- The percentage of foster children adopted in less than two years in Catawba County is 55 percent, two-thirds higher than the State-wide average;
- Public Health's Women, Infant, and Children (WIC) Farmers' Market Voucher Redemption rate of 64.37 percent, ranking #1 in the State last year. This unique approach of targeting WIC recipients to benefit from farmers' markets has been recognized as innovative by both the Alliance for Innovation through the J. Robert Havlick Award for Innovation in Local Government and the National Association of Counties (NACo) through a County Achievement Award;
- Catawba Family Dentistry, Public Health's dental clinic, increasing the number of patients treated by 18 percent since 2011, with 1,408 patients treated during Fiscal Year 2014/15. During the current year, Public Health outsourced Catawba Family Dentistry operations and anticipates total patients treated to increase even more, thanks to having two dentists on staff rather than one and operating five days per week instead of four;
- The percent of children receiving age-appropriate immunizations by 24 months of age (92 percent) exceeding the State-wide average (86 percent);
- General Government Administration (Board of Commissioners, County Manager, Finance, Human Resources) comprising only 1.2 percent of the local budget, well below generally accepted benchmarks for administrative overhead in any sector;
- In the last five years, County staff proactively refinancing debt, saving over \$3.3 million in future interest;
- 44 straight years of recognition from NACo through the County Achievement Awards, establishing a long tradition of program excellence that has served the community and the organization well; and in a similar vein winning the Government Finance Officers' Association Award for Excellence in Financial Reporting for 33 years, and Budgeting for 27 years.

The County routinely examines its operations to identify more effective approaches to delivering programs and services. One major strategy involves using technology to streamline operations. In addition to equipping field-based staff with mobile technology to cut down on productivity losses associated with traveling between job sites. Technology is used to automate work that was previously handled manually, such as updating tax databases with the latest information on deed conveyances,



providing 24/7 citizen access to real-time building permit status, and reserving library books for pick-up at County libraries.

Another tool in Catawba County's toolbox to increase productivity and service quality is partnering with the non-profit and private sectors, either to contract programs and services, or get out of the business of providing a service if it can be done more effectively by the private sector. Public Health contracts with Catawba Valley Medical Group to provide obstetrics and prenatal services for pregnant women, and with Gaston Family Health Services for dental clinic operations. Emergency Services contracts with the Humane Society of Catawba County for animal shelter operations and adoption management, and Utilities and Engineering has contracted the production of biodiesel at the County's EcoComplex to the private firm Blue Ridge Biofuels. This past March, Catawba County sold its Home Health business to Kindred Healthcare, for a sum of \$3.5 million.

Catawba County maintains appropriate service levels by continually evaluating service demands and making adjustments as necessary. During the building and development downturn, staff positions filled by building inspectors and professional planners were eliminated because of decreased workload. Citizen response times are continually monitored, and staff adjustments are made as appropriate when response times trend in the wrong direction. Both Public Health and Social Services have eliminated positions across multiple programs as a result of reductions in federal and state funding, declining revenue, developing new partnerships, and contracting services. Public Safety response times, workload, and other pressures are continually tracked resulting in investments as needed to stay within Board of Commissioners' goals and keep citizens safe. With this budget, rightsizing has resulted in a 4.9 percent reduction in the County's workforce since Fiscal Year 2009/10.

The County relies upon a conservative budgeting philosophy to balance service demands with available revenues. This philosophy consistently results in revenue over-collections and departmental under-spending, which in turn contributes to a healthy County fund balance over time. The Local Government Commission (LGC) requires local governments to establish a General Fund fund balance reserve of 8 percent, or the equivalent of one month's worth of operating expenses. Consistent with its mindset of financial sustainability, the Board of Commissioners has adopted a fund balance policy that requires 16 percent reserves for the General Fund, double the LGC requirement. At its current spending rate, Catawba County will be able to maintain compliance with this goal for the foreseeable future.



## LOCAL ECONOMY

### Economic Development

Catawba County is committed to working with the private sector, municipalities, and the EDC to attract new businesses, development, and jobs. The budget supports existing business and industry through the delivery of high quality government services supported by a low and stable property tax rate. Consistent with the Board of Commissioners' goal, the budget includes funding for Catawba County's share of on-going carrying costs for the speculative building built in cooperation with the City of Claremont;

the NC Data Campus developed in partnership with Catawba, Claremont, Conover, Hickory, and Maiden; support of EDC operations; economic development marketing; and business incentive agreements that diversify the economy, produce good jobs, and have a solid return on investment.

#### 2016/17 Board of Commissioners' Economic Development Strategies

Support  
Workforce  
Development

Lobby to Expand  
Broadband

Review  
Incentives  
Guidelines

Develop &  
Market Park  
1764

Monitor Growth  
& Development  
Policies

Market Key  
Community  
Strengths

#### *Investment Highlights - \$517 million / 434 jobs added or announced*



**Apple, Inc.** invested \$432 million in its data center in Maiden and added a new solar farm in Claremont, contributing an additional \$10 million to the tax base this year. At just over \$1 billion in value, Apple is the County's largest taxpayer.

**Carolina Nonwovens**, developer and producer of thermo-bonded nonwovens, consolidated two facilities from outside Catawba County into a new facility in Maiden, investing \$13 million and creating 62 jobs.



**GKN Sinter Metals**, the world's largest maker of powdered metal parts used for automotive technology and engineering, announced a \$19.8 million investment at its Conover facility, creating 55 new jobs and retaining 83 existing jobs.

**Axjo America**, manufacturer of fiber-optic reels for spooling equipment, consolidated two facilities into a new Conover location, investing \$11 million and creating 14 jobs.



**Snyder Paper** opened an additional 84,000 square foot industrial facility in the County to manufacture cushioning for furniture. The facility will support 30 new jobs.

**Prysmian Cables and Systems** reopened 10,000 square feet of idle manufacturing space at its facility in Claremont, investing \$2.5 million and creating 24 jobs.



**Blue Bloodhound**, developer of internet-based web and mobile software for independent truck drivers, located in the renovated Moretz Mills building in Hickory, announced 191 jobs and \$400,000 in investment.

## LOCAL ECONOMY

**Substance Incorporated**, manufacturer of print media, overlaminates, and adhesives used by sign and decal manufacturers, announced plans to construct a manufacturing facility in the Claremont International Business Park, investing \$3.4 million and creating 9 jobs.



**Taiji Group USA**, maker of precision paper spiral-wound chemical fiber tubes, opened an additional location in Hickory, investing \$2.5 million in equipment and adding 15 jobs.

**Park 1764** is a 170-acre Class A Business Park being developed jointly by Catawba County and the City of Hickory. The Park is being developed incrementally over time in an effort to create job opportunities in advanced light manufacturing facilities, technical operations, and corporate headquarters. In alignment with the Board of Commissioners' goal to develop and aggressively market Park 1764, the City of Hickory and Catawba County recently took the first steps in preparing the property for development, each contributing \$547,385 towards installation of a sewer line, the development of a signature entrance along Startown Road, relocation of the entrance southward onto the property, and installation of landscape berms and fencing. The vision is to have amenities such as community walking/cycling trails, community gardens, silos, and open green space to accentuate the site's character, and to appeal to business prospects in a corporate, up-scale environment where light manufacturing, engineering, and innovation co-exist and augment the greater community.



**The NC Data Campus** is a 70-acre multi-jurisdictional business park partnership between Catawba County, the Cities of Conover and Hickory, and the Towns of Maiden and Catawba. The park will bolster Catawba County's economic development efforts, providing three shovel-ready sites marketed primarily for data center recruitment. These efforts will also further buttress the region's efforts to create a cluster of data centers known as the NC Data Center Corridor, leveraging the presence of existing data centers

like Apple, Facebook, and Google to transform the region's reputation into one that embraces innovation and high-tech industry.

**The Lenoir-Rhyne University Health Sciences Center** is a collaborative effort between the University, Catawba County, City of Hickory, Catawba County EDC, Catawba Valley Medical Center (CVMC), and Frye Regional Medical Center. The Center, which is open to 48 new students a year and employs 5 to 6 full-time faculty and staff, houses a new Physician Assistant program that began classes in January 2016. The Center is working to establish clinical training centers for program participants and provide high quality internship and student practitioner opportunities. Feasibility studies will be conducted on future expansions for Doctorate-degree programs for nurse practitioners, pharmacy, optometry, physical therapy and, ultimately, osteopathic medicine.



**LENOIR-RHYNE  
UNIVERSITY**

## LOCAL ECONOMY

### *Partnering to Support Workforce Development*

The County also provides annual operating and capital support to CVCC, which takes a strong leadership role in preparing the workforce with the skills to meet current and future labor needs of local employers through several initiatives, detailed below:

**The ACT Career Readiness Certificate** allows job seekers to show prospective employers that they possess basic skills required for today's workplace. This certification is recognized by 34 employers in the County (82 in the MSA), and the number is growing. Every public high school within Catawba County offers the certification. The Western Piedmont Workforce Development Board has worked to certify Catawba County as a Work Ready Community, which positions the County to quantify the skill levels of its workforce, identify gaps, and develop plans to address those gaps. Based on this information, educators, local businesses, and governments build career pathways aligned to the needs of business and industry. The County has achieved 94 percent of ACT's National Career Readiness Certificate goals and anticipates full certification as a county in September 2016.

**The Catawba Valley Furniture Academy**, housed within CVCC, is an industry-driven training program. Designed in partnership with 5 major local furniture manufacturers, it prepares students for high-demand skilled positions, in a proactive strategy to anticipate and meet private businesses' workforce needs. The program varies from 9 to 18 months in length, depending on the area of specialization (Pattern Making, Manual Cutting, Inside Upholstery, Sewing, etc.). Since January 2014, 66 people have earned furniture manufacturing certificates and secured jobs at participating companies—Century Furniture, LEE Industries, Lexington Home Brands, Sherrill Furniture, and Vanguard Furniture—upon completing the program. In acknowledgement of this program's success, the Furniture Academy earned a 2015 Governor's Award for Excellence.

The Furniture Academy has been such a success that CVCC is moving the program to a larger location with the help of a \$200,000 commitment from local furniture companies and \$675,000 from the County. The expanded location will serve up to 66 students per session, more than doubling its capacity. On average, there have been 100 people on the waiting list at any given time, demonstrating the strong employment demand for these skilled industry positions. As employment opportunities continue to grow and long-tenured skilled workers approach retirement, job training programs like the Furniture Academy prepare future employees to meet businesses' competency needs, enabling them to maintain continuity, high productivity and product quality.



*Catawba Valley Furniture Academy*

**The Catawba Valley Manufacturing Academy**, modeled after the Furniture Academy, is an industry-driven training course designed with input and expertise from 29 local manufacturers. It prepares students for high-demand manufacturing positions with the region's largest employers. Graduates are fast-tracked for open positions with sponsoring companies, earning Career Readiness Certificates to signify competence in required skill areas and ensuring manufacturers have ready access to the critical labor force they require. The inaugural session began in October 2015, with 39 graduates to date securing highly skilled jobs such as machinists and maintenance technicians.



## LOCAL ECONOMY



**The Manufacturing Solutions Center (MSC)** is a branch of CVCC which focuses on helping manufacturers in all 50 states and around the world increase sales, improve product quality and production, and create and retain jobs. To help manufacturers increase sales, MSC develops marketing materials and works to identify new or expanded export and marketing opportunities. To improve product quality, the MSC has an

accredited ISO/IEC 17025 testing laboratory at its 10,000 square foot manufacturing incubator where microbiological, thermal, and mechanical testing for textiles is performed. The Center aids entrepreneurs in transforming concepts into finished marketable products, connecting the dots for entrepreneurs by bringing together under one umbrella all of the resources needed to successfully launch a product.

MSC has facilitated development of such innovative projects as wearable technology that regulates blood circulation, delivers active ingredients to the skin through fabric, and integrates QR codes into the material so it can be scanned and tracked through the production process. Future product possibilities are staggering, with the potential for everything from caffeine-infused driving gloves to sleeves that deliver heart medicine in the prescribed dose. MSC has established itself as a regional expert in prototype development using 3D printing.

At America's Competitiveness Forum in 2014, the MSC was recognized by the US Department of Commerce as one of the top economic job creation programs. MSC has worked with such nationally known companies as Keen, Merrell, 3M, Nike, Hanes Brand, LL Bean, Lands End, Target, Polartec, Boeing, and Ralph Lauren. **Since 2012, MSC's direct economic impact has totaled \$43.7 million, assisting in the creation of 346 jobs and the retention of 268 jobs.** Over the last 2 years, the MSC has helped over 1,000 entrepreneurs and worked with companies in all 50 states and 32 countries to conduct product testing or prototyping, or to find domestically-made production inputs.



**Apprenticeship Catawba** is a training pipeline for high school students. Based on the German apprenticeship model and accredited by the North Carolina Department of Commerce, this highly competitive 4-year program ensures students are career-ready at graduation by providing 8,000 hours of paid on-the-job training that counts towards an Associates' Degree in Mechatronics Engineering Technology or Computer Integrated Machining Technology from CVCC. Additionally, students earn Journeyman Certificates upon graduation, qualifying them for skilled trades such as Mechanical Maintenance

Technician, Electrical Maintenance Technician, Mechatronics Technician, Tool & Die Maker, and Computer Numerically Controlled Machinist, among others. Not only do these high-performing students leave the program with degrees, but they do so without incurring any college debt and employed full-time by the sponsoring company, earning at least \$34,000 per year and opening up pathways to jobs with earning potential of \$65,000 to \$86,000. Last year 21 students from the County's three public school systems were selected through a competitive process to participate in this program, along with seven area companies: Aptar, Continental, GKN, Sarstedt, Technibilt, Tenowo, and ZF.

## LOCAL ECONOMY

### Other Support

Catawba County contributes funding for the Chamber of Commerce's Edison Project, designed to identify, support, and reward new startup small businesses in the County. Entrepreneurs with viable business ideas and associated plans submit them for consideration and review by judges, competing with other entrepreneurs for economic incentives and startup assistance. Examples of winning projects include: The MESH, an online media source that delivers on-demand programs on a variety of topics; Tileware Products, a new fastening system for shower accessories installed in the tile mortar; and GoPriceDrive.com, a confidential website service for car buyers in which dealers compete and openly bid for business. Through its fourth year of operation in 2014, the Edison Project had contributed to 17 new business starts, creating 50 new jobs and \$1.14 million in capital raised or invested.



Catawba County sponsors the Chamber of Commerce's "Leadership Catawba" program, which brings together upcoming local leaders from a variety of organizations for a 6-month leadership training program, providing participants with information about the social, economic, and political dynamics of the community, and encouraging them to get involved meaningfully as an element of community leadership succession planning.

Catawba County continues to support the Convention and Visitors Bureau (CVB) and the Chamber of Commerce Visitor Information Center. Both organizations bring attention and money to the local economy through the promotion of conventions, conferences, local heritage events, and tourism.

### Direct Spending

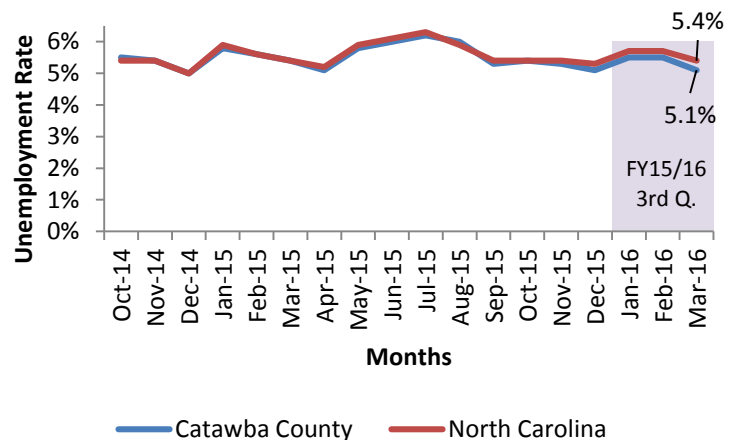
The County's direct spending on services to citizens also benefits the local economy. For Fiscal Year 2015/16, the County spent over \$17 million on contracts and direct spending with the private and non-profit sectors. Contracting work to other organizations helps stimulate private sector business and translates into jobs and sales tax.

Additionally, County construction of the \$44.6 million JPSC will be complete in spring of 2017. The spending associated with this construction project (funded by a voter-approved ¼ cent sales tax in 2007) supports creation and preservation of both direct and indirect jobs in the community, translating into another way the County supports the local economy.

### Unemployment Down to 5.1 Percent in March

Catawba County's current unemployment rate is 5.1 percent and has averaged 5.5 percent over the last 18 months. During this same time period, the State's rate has averaged 5.6 percent and remains slightly higher than Catawba County. Both the County and State rates fall within the current range of what the Federal Open Market Committee—the open market policy committee of the Federal Reserve—currently considers to be normal long-term unemployment (4.7 to 5.8 percent).

**Catawba County's Unemployment Rate has averaged 5.5% over the last 18 months and is doing better than the State's average of 5.6%.**

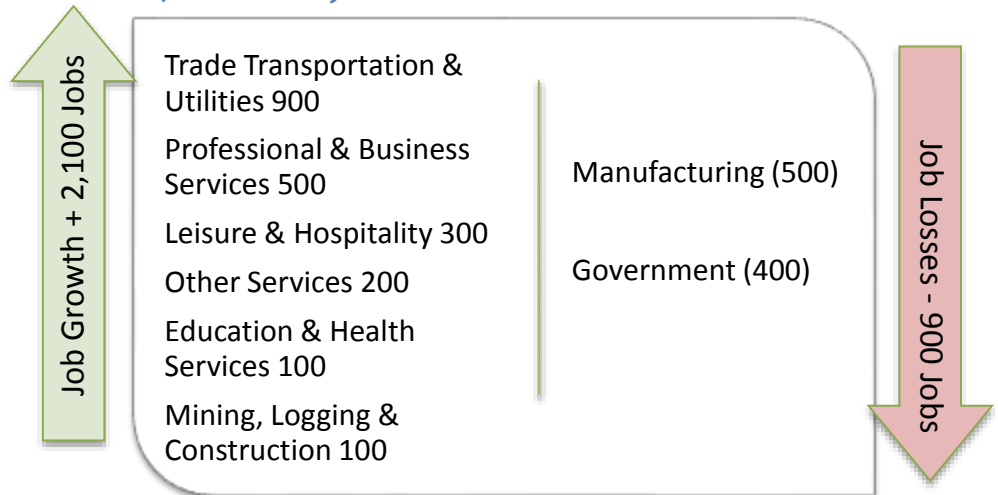


## LOCAL ECONOMY

### Employment and Job Growth

**Employment in the MSA reached a 5-year high in March 2016.** The number of employed people in the MSA increased by 1,927 compared to February 2016 and 3,121 compared to one year ago. Job growth is another bright spot for the economy, with 1,200 more jobs in the MSA than there were one year ago. Much of the job growth has occurred in *Trade Transportation and Utilities* and *Professional and Business Services*.

### 1,200 More Jobs March 2016 vs March 2015

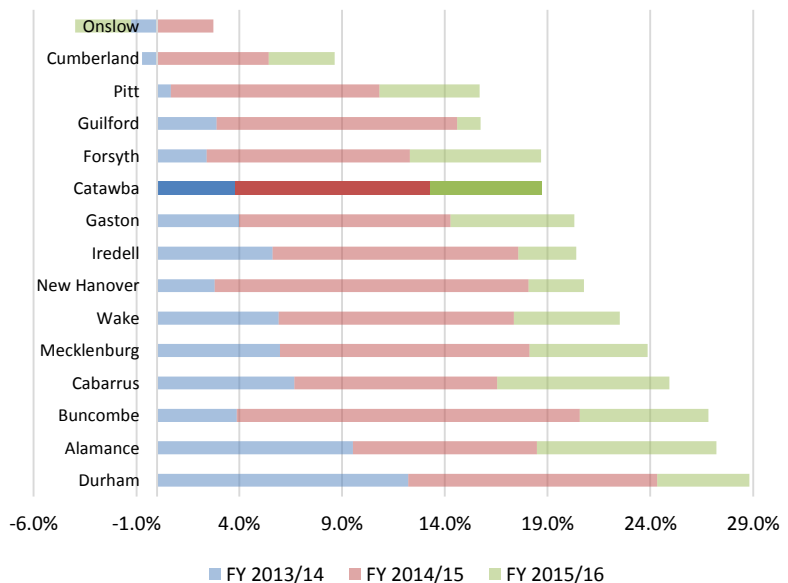


### Strong Retail Sales & Tourism Performance

Catawba County continues to be a regional hub for retail sales, capturing 60.1 percent of the \$2.3 billion (through February 2016) in retail sales from the four-county MSA, far in excess of its 42.7 percent of the population. Taxable sales in the County continue to increase, with solid 5.5 percent growth this year on top of 9.2 percent growth in 2014/15 and a healthy 4 percent increase the year before. This is the sixth year in a row that revenues have increased.

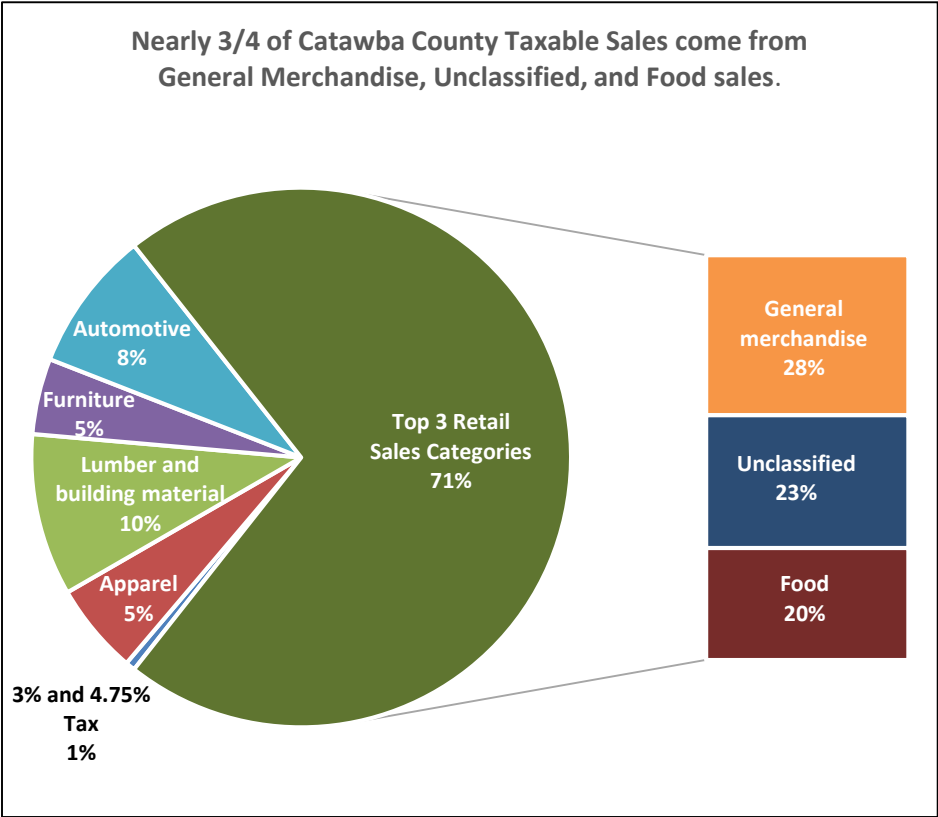
**Statewide, Catawba County ranks 17th in population but 12th in taxable sales, outranking counties like Iredell, Gaston, and Onslow.**

**Catawba County's gross retail sales have grown 18.7 percent from July 2013 to February 2016, the 10th highest growth rate among top 15 retail sales counties.**



Catawba County has decreased its reliance on manufacturing and increased its Service and Wholesale Trade sectors. Its primary categories of taxable sales reflects this shift. *General Merchandise* at 28 percent, is the County's largest category of taxable sales. The second largest category (*Unclassified*) constitutes 23 percent, consisting of a wide range of goods and services including hotels and motels; hospitals,

# LOCAL ECONOMY

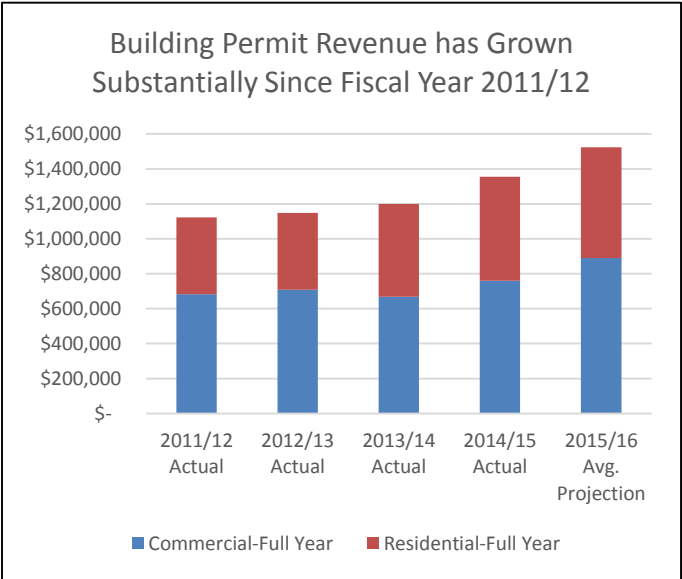


physicians, and veterinarians; fuel and gasoline sales; bookstores; office machine and supply dealers; photographers; and publishers. *Food* is the third largest category, at 20 percent, driven by restaurants and grocery stores. Furniture sales in Catawba County—only 5 percent of the total sales—deserve note, with over 100 retail furniture showrooms, outlets, and a 1-million square foot furniture mall to attract visitors whose spending contributes to taxable sales in other sectors.

The State’s extension of sales tax to certain services, including tickets for entertainment events, has positively impacted the County’s taxable sales activity. **Catawba County ranks 16th in the State for tourism revenue, with \$241 million** generated in 2014 (a 4.3 percent increase over the previous year). This tourism economy is buttressed by the presence of a wide range of cultural amenities that appeal to all audiences such as the Catawba Science Center, Green Room and Hickory Community Theatres, Hickory Crawdads Baseball, Hickory Metro Convention Center, and annual events like Oktoberfest, Unity Day, and the Foothills Folk Art Festival.

## Commercial and Residential Building Rises

Commercial and residential building activity and revenue remained relatively stable between 2011/12 and 2013/14, but has increased substantially the last two years. Revenue to date this current year exceeds total revenue received in any year since 2011 and is 37 percent ahead of the same time period last year. **The number of building permits issued through March 2016 is up 32 percent compared to 2013 and 39 percent compared to 2014.** About 90 percent of the growth this year is due to commercial building, a very positive sign for the economy.





## REVENUE

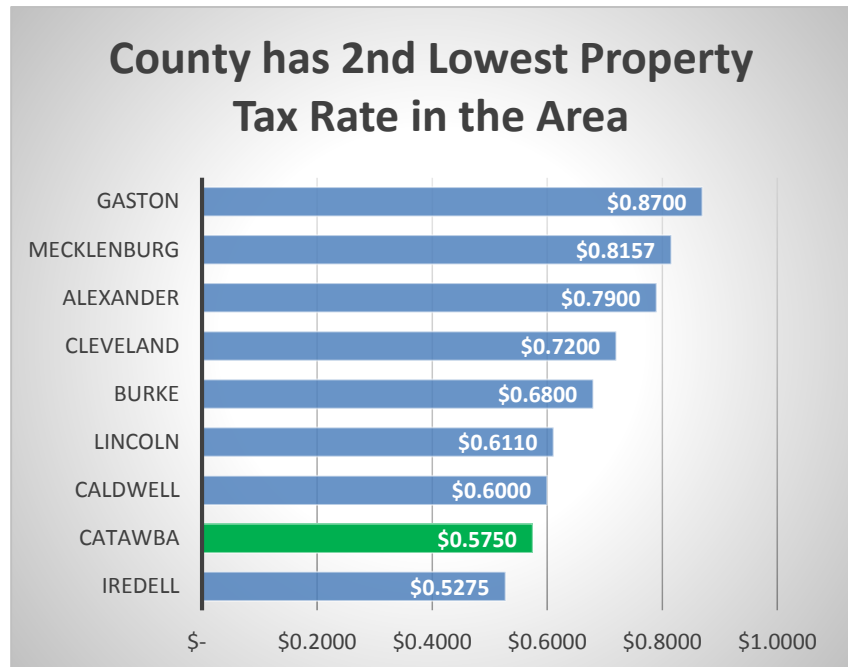
### Property Tax

The budget maintains the property tax rate of \$0.5750 per \$100 of valuation established with countywide property revaluation in 2015, yielding \$90.9 million in revenue. Catawba County has the 7<sup>th</sup> lowest tax rate of the 27 urban counties—those with a population over 100,000—and the 2<sup>nd</sup> lowest among Catawba's neighboring counties.

Ad valorem property tax revenue increased \$1.4 million due to growth in the tax base from new construction and public utilities. The uptick in building permits suggests the County can anticipate

continued revenue growth in coming fiscal years, as current building activity is added to the tax base.

The State's Tag and Tax Together program, the result of legislation passed in 2005, shifted responsibility for motor vehicle tax billing and collections from the County to the State at the time of tag renewal, and has resulted in quicker collections and an overall increase in motor vehicle revenue—both dollars and percentage—in Catawba County, as the budget projects a \$400,000 increase.



### Sales Tax

Catawba County receives 2¼ cents of the total sales tax rate of 7 cents. It shares proceeds from the first 2 cents with the municipalities on a per capita basis, and the remaining ¼ cent, approved by County voters in a November 2007 referendum, is primarily dedicated to supporting the Justice/Public Safety Center expansion, public school operations, economic development, and water and sewer infrastructure.

Sales tax has experienced robust growth in Fiscal Year 2015/16 (5.8 percent, through April distributions) following a healthy 6 percent growth rate in the previous fiscal year. The North Carolina Association of County Commissioners is advising counties to anticipate 3 to 4 percent additional sales tax growth in Fiscal Year 2016/17. The budget conservatively plans for 2 percent growth in the coming year.





### *State action and local sales tax*

In Catawba County, 1-cent sales tax generates roughly \$15 million in revenue if shared with cities and \$20 million if received by the County only, while 1-cent on the property tax rate generates \$1.6 million. Not only does sales tax generate significantly higher revenues than property tax on a “cent for cent” basis, but it is also broadly applicable and captures revenue from visitors to Catawba County and from non-County residents’ spending (based on Catawba County’s position as a regional retail hub). Property tax, on the other hand, concentrates the burden for funding local services solely on property owners—some on fixed incomes—while the benefits are not limited to those same citizens. Further, citizens have much more of a choice about when to incur sales tax than they do property tax, making choices on what to buy, how much to spend, which impacts how much sales tax will be paid and when. In contrast, property values are set at market value in accordance with State statute and property owners do not have a choice on the payment. Additionally, the property tax comes due at one point during the year, which makes it harder for some property owners to pay because of the magnitude of making the payment all at once. Based on this rationale, **a system where local governments had the option to raise additional revenues through sales tax would be an improvement from the status quo, allowing Catawba County to reduce the property taxes paid by citizens and diversify local revenue sources.**

During the 2015 General Assembly, two bills were under consideration that would have dramatically reduced sales tax revenue to 21 counties with lower populations than retail sales, including Catawba. As a regional retail hub, Catawba County stood to lose up to \$3 million annually in revenue. In the end a compromise was reached that resulted in increased revenue for 79 counties by expanding the sales tax base to additional services but costs Catawba County roughly \$750,000 per year in unrealized sales tax revenue growth, equivalent to just under ½ cent on the property tax rate.

Through its legislative agenda, the Board of Commissioners continues to advocate to the General Assembly for increased authority to adopt local option sales taxes for counties. Senate Bill 605, *Various Changes to the Revenue Laws*, would expand existing local sales tax authorization. In Catawba County’s case, the bill could allow the County to increase sales tax by an additional ¼ cent and generate \$5 million, which could potentially offset 3.125 cents on the property tax rate.



**1 CENT PROPERTY TAX INCREASE**

**YIELDS \$1.6 MILLION IN REVENUE**



**1 CENT SALES TAX INCREASE  
YIELDS \$15 MILLION+ IN REVENUE**

## EXPENSE HIGHLIGHTS

County operations—the year-to-year cost to run the County—increase 2.5 percent, driven by investments in education, public safety, economic development, and parks. The total Fiscal Year 2016/17 budget increases 7.3 percent to \$252,735,718, due to expenses for schools operating, teacher recruitment and retention, and school construction projects; JPSC operations; and service expansions. (The additional increase beyond County operations is driven by non-recurring cyclical expenses like school construction projects and transfers between funds to adhere to accounting standards.) The dollar below shows where local property and sales tax revenue are spent.



- **Education** continues to represent the largest portion of the local budget, with 44.6 cents of every property and sales tax dollar allocated for instructional costs and capital needs of the three public school systems and CVCC.
- **Public Safety** is the second largest recipient of local funds with 26 cents of every local dollar allocated to Sheriff's Office, Emergency Services, E-911 Communication Center, Fire Protection Service Districts, Rescue Squads, Public Safety projects and activities (Lake Norman Marine Commission, Pretrial Services, Justice System Improvement, and Conflict Resolution Center).
- **Economic and Physical Development** (in support of Board of Commissioners' goal) funding represents proactive economic efforts and composes 12.3 cents of every local dollar. Outside agency funding goes to the EDC, Chamber of Commerce, Convention and Visitors Bureau, economic incentives, and funding for County services in Utilities and Engineering (including Water & Sewer local infrastructure funding), Planning and Parks, Technology, and Facilities.
- **Human Services** receives 10.5 cents local funding for Social Services, Public Health, and community mental health service support.
- **Libraries and Culture**, composed of County Library system, Hickory Public Libraries, Historical Museum, United Arts Council, SALT Block, and Newton-Conover Auditorium, receives 2.1 cents.
- **General Government - Public Services** includes Register of Deeds, Board of Elections, and Tax Administration and composes 1.5 cents.
- **General Government - Administration** includes Board of Commissioners, County Manager, Human Resources, and Finance, and composes 1.2 cent.
- **Self Insurance** represents 1.4 cents including costs for unemployment, workers compensation, property and liability coverage, wellness, and health and dental insurance.
- **Environmental Quality** composes 0.4 cents for Cooperative Extension Services, Forestry, and Soil & Water, all funded in partnership with the State of North Carolina.

## Public Schools

### Current Expense

Funding the cost of public school operations is clearly the responsibility of the State, while schools capital and construction is the responsibility of counties. Historically, the General Assembly has not adequately funded public school operations. Recognizing that public schools are a crucial partner in achieving the Board's goal to develop the County's workforce and maintain quality of life, the budget allocates over \$37 million for operating expenses—including local teaching positions, salary supplements (some of which is performance-based) to attract and retain quality teachers, utilities costs, technology, and support for programs that promote collaboration among the separate school systems.

Schools - Requested ADM	Catawba	Hickory	Newton	Total ADM
FY 2016/17	16,617	4,288	3,115	24,020
FY 2015/16	16,800	4,479	3,222	24,501
Increase/Decrease	(183)	(191)	(107)	(481)

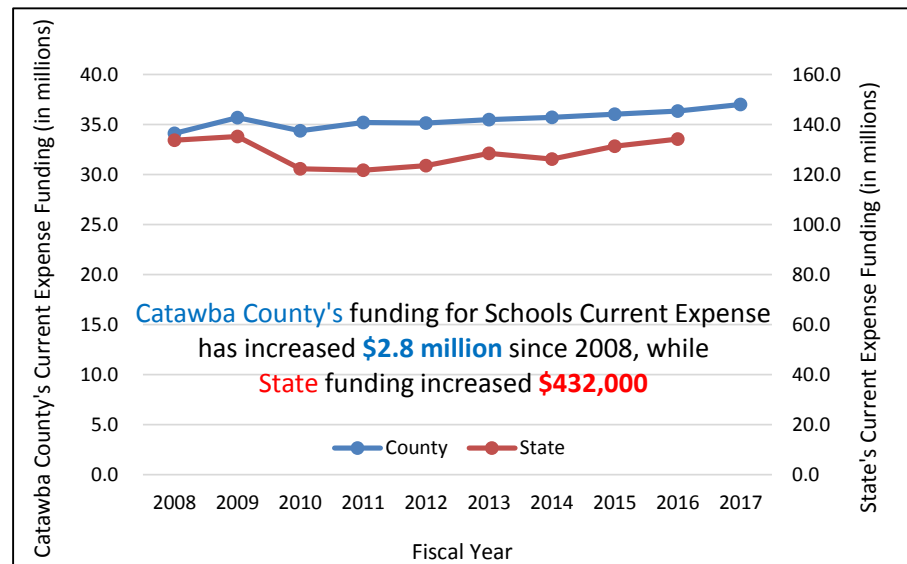
The State has certified enrollment numbers within the County's public school systems of 24,020 students for

next year, a net decrease of 481 students across all three systems.

The State requires Catawba County to provide the same per pupil funding to each system, so changes in student enrollment have important funding implications by school system. For Fiscal Year 2016/17, Catawba County increases its funding by an additional \$57 per pupil, from \$1,483 to \$1,540, resulting in a total operating increase of \$655,817. Barring any major changes by other counties, the new funding should maintain the County's ranking of 15<sup>th</sup> highest in the State in total current expense funding. The budget also plans for future student growth by setting aside an additional \$435,000 to be used towards annual capital.

**Catawba County's annual current expense contribution has grown \$2.8 million—or 8.5 percent—since Fiscal Year 2007/08.** Comparatively, State funding has grown \$432,000 through Fiscal Year 2015/16—only 0.3 percent above its 2008 level.

### Public Schools Construction and Debt



Providing adequate funding for school construction, equipment, and debt is a County responsibility. Catawba County has more than met that responsibility, with \$42.8 million financing building and equipment needs of the three school systems. As a matter of common practice, the County looks into the future to anticipate and plan for school construction needs, establishing four-year funding cycles that align with the County's property tax revaluation schedule to ensure that expenses associated with future projects are manageable within revenues. Catawba County continues to pay debt of over \$12.5 million (including \$1.6 million in State lottery funds) for the three school systems on projects such as Catawba County Schools' Maiden High and Snow Creek Elementary Schools, Hickory Public Schools' Hickory High School renovations and Longview Elementary School, and Newton-Conover City Schools' County Home Middle and South Newton Elementary Schools. As debt is retired, the funds committed to school debt

## EDUCATION

are reserved each year (\$3.4 million in Fiscal Year 2016/17) for future school building projects to ensure long-term financial stability. During the current cycle (Fiscal Years 2015/16 through Fiscal Year 2018/19), these reserved funds help finance \$43.2 million in public school construction projects during this four-year cycle, including:

### **Catawba County Schools**

Fred T. Foard High School field house construction; planning funds to serve Banoak Elementary School students (2015/16)

Construction funds to serve Banoak Elementary School students; Claremont Elementary School kitchen/cafeteria renovations (2016/17)

Clyde Campbell Elementary School kitchen/cafeteria renovations; Fred T. Foard gymnasium/classrooms (2017/18)

### **Hickory Public Schools**

System-wide Technology Improvements & Oakwood Elementary School Renovations (2016/17)

Hickory High and Jenkins Elementary Schools Renovations (2017/18)

### **Newton-Conover City Schools**

Newton-Conover High School Football Bleacher Replacement and Cafeteria Renovations (2015/16)

Conover School Renovations and North Newton Elementary School Roof Replacement (2016/17)

Newton-Conover High School Kitchen/Cafeteria (2017/18)

Additionally, the budget includes \$3.65 million in new capital projects for public schools as follows:

### ***Catawba County Schools***

**HVAC Upgrades \$1,040,000:** upgrade HVAC systems at Bandys, Bunker Hill, Fred T. Foard, and St. Stephens High Schools and Campbell, Claremont, and Maiden Elementary Schools.

**Fire Alarm Replacement \$230,000:** replace fire alarm systems at Maiden Middle School and Mountain View and Startown Elementary Schools.

**System-Wide Re-roofing \$395,000:** replace roofing at Claremont Elementary School and Fred T. Foard High School.

**New School/Traffic Entrance \$300,000:** redesign entrances to Mountain View and Startown Elementary Schools to keep traffic from backing up onto main roads in the morning and afternoon due to student drop-off and pickup.

**St. Stephens High School \$132,000:** upgrade security/camera system and pave tennis courts.

**Maiden Middle School Restroom Renovation and Pipe Replacement \$300,000:** replace pipes original to the building (roughly 60 years old) and renovate restrooms at the same time.

**Elementary School Roof Gutters \$192,000:** add roof gutters to Catawba, Lyle Creek, Mountain View, and St. Stephens Elementary Schools, fixing a design flaw that is causing concrete to pit and algae to grow on the sidewalk.

## EDUCATION



### *Hickory Public Schools*

**Hickory High School Chiller \$112,000:** replace a failing chiller.

**System-Wide Paving/Sealing (Phase 2 of 3) \$215,000:** second phase of paving to seal and stripe parking lots at Grandview and Northview Middle Schools and Southwest and Jenkins Elementary Schools. The final phase will be for Hickory High School.

**Hickory High School Gym Bleachers (Phase 1 of 2) \$165,000:** replace wooden bleachers (original to the building) on level one of the gym with safer, ADA compliant bleachers. Phase 2 will replace upper level bleachers.

**Facilities Equipment \$80,000:** purchase mini-excavator and replace high mileage HVAC van.

**Activity Bus \$85,000:** replace one high mileage activity bus.

### *Newton Conover City Schools*

**HVAC Upgrades and Replacements \$250,000:** upgrade and replace HVAC units at Newton-Conover High School, the maintenance building, and former ACT building.

**High School Campus Upgrades \$75,000:** add gravel parking lot, covered shelter, and new fencing at the baseball field. Newton-Conover City Schools is leveraging community funding and student assistance to save approximately \$40,000 on this project.

**Maintenance Service Truck \$30,000:** replace a high mileage truck.

**Central Office Upgrades \$50,000:** repair plaster damage and replace wallpaper and linoleum. The last update was in 1982.

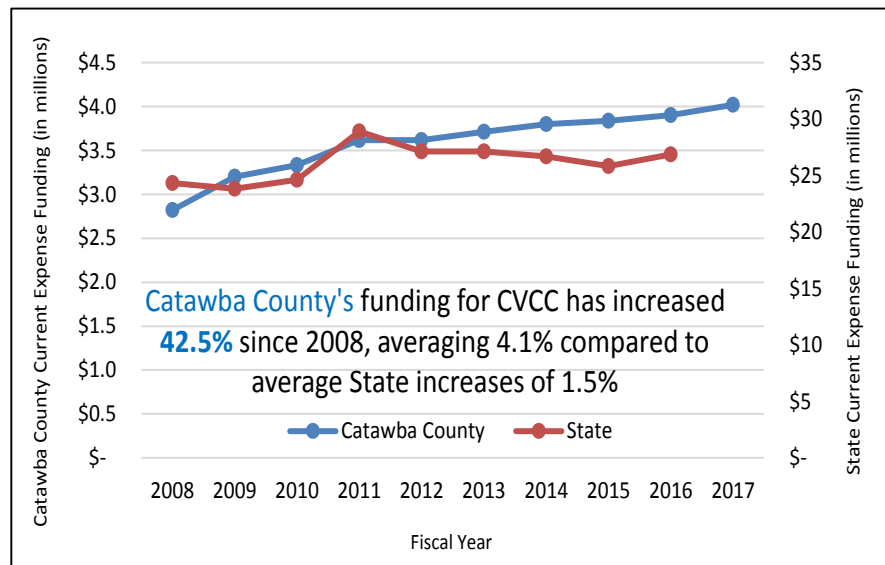
The capital outlay budget also includes \$52 per pupil for each system, a total allocation of \$1.25 million for small capital and repair needs with a per-item cost of less than \$12,500. The individual school systems decide how these funds will be spent throughout the year. Hickory Public Schools will continue to dedicate \$50,000 of per pupil funding to repay debt for work completed in Fiscal Year 2008/09 at the Hickory High School/American Legion Building for the athletics portion of the building. (The debt will be fully retired in Fiscal Year 2022/23).

In addition, the County funds half of the cost of a construction project manager for Catawba County Schools and a construction project manager shared by Newton-Conover City Schools and CVCC to keep capital projects on schedule and within budget, ensure compliance with building code requirements, process change orders, work with the schools to ensure projects are built to specifications, and develop annual capital and 4-year construction plan requests.



## CVCC

Like public education, the State is responsible for funding community college operations, while counties are responsible for maintenance, capital, and general facility operations. **Catawba County's funding for CVCC has increased by over \$1.2 million or 42.5 percent since 2008, averaging 4.1 percent per year.** During this same timeframe, State funding averaged only 1.5 percent per year (which did not fully fund enrollment), and also required annual reversions totaling almost \$14 million.



Funding for CVCC increases 3 percent to \$4 million, in recognition of the role the College plays in the County's ability to meet the higher education and job training needs of the community. This funding could move the County's ranking from 17<sup>th</sup> to 16<sup>th</sup> in community college funding out of 58 North Carolina community colleges.

### CVCC Construction and Debt

The County has planned \$12.8 million over the next four years for construction at CVCC. The current year's budget included \$8.4 million for the Workforce Solutions Center project, bringing the total project to \$25.1 million, and \$890,000 for underground piping replacements in conjunction with planned paving projects. Campus renovations totaling \$3.5 million are planned in Fiscal Year 2017/18. Additionally, debt payments of over \$1 million are budgeted for past projects including renovations to the Student Services Center; Advising, Testing, and Business & Industry Centers; Simulated Hospital; and CVCC's East Campus/Art Center. The budget includes \$600,000 for the following annual capital projects:

**Equipment \$300,000:** purchase technology and instructional equipment for Vocational/Technical, Academic and Student Support programs.

**ADA Improvements \$230,000:** perform upgrades to sidewalks, restrooms, parking lots, and other areas to improve accessibility.

**Maintenance Van \$20,000:** replace a maintenance van that is experiencing serious mechanical problems and increasing repair costs.

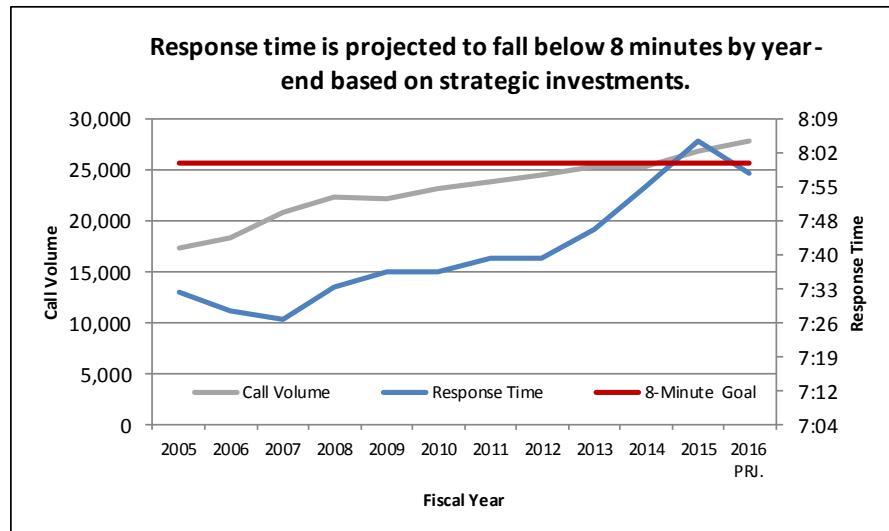
**General Renovations \$50,000:** ongoing maintenance and repairs.

## Emergency Services

### *Emergency Medical Service (EMS)*

For the last several years, Emergency Services has been able to achieve the Board of Commissioners' goal of providing average County-wide EMS response times of 8 minutes or less in spite of significant increases in call volume. (Over the previous five years, call volume has increased 12.8 percent.)

Despite adding a crew to Conover EMS in Fiscal Year 2014/15, the year-end response time of 8:05 did not achieve the Board's goal.



To mitigate increasing response times, the current year budget funded the establishment of a Mountain View EMS crew at ½ time (12 hours a day, 7 days per week) and an expansion of the Bandys crew from 40 hours per week to ½ time, subject to response times at mid-year. At mid-year, average response time was 8:02, so the County expanded services delivered out of the Bandys base by adding operating hours. The expanded coverage hours appear to be contributing to decreases in average response times, which are falling back in line with the Board's goal of 8 minutes or less. While no additional EMS crew expansions are recommended for Fiscal Year 2016/17, staff will continue to monitor response times to ensure they remain acceptable in the context of the Board's 8-minute goal.

Staffing	2000/01	2015/16	% Increase
Positions	57	95	67%
Crews	9	15	67%
Bases	6	11	83%
Supervision	6	6	0%
Call Volume	13,880	27,957*	101%

\*projected based on call volume 7/1/15-3/31/16

The budget includes funding for an EMS Operations Supervisor, based on significant growth in EMS staffing (number of positions, crews, and bases) since Fiscal Year 2000/01. The new position will focus on administrative duties such as project management, shift scheduling, managing uniform inventory, etc. rather than having these duties divided among the shift

supervisors (or in some cases crew chiefs) and the Training Officer. Shift supervisors' time will be freed to focus on and handle situations that occur during each shift in a timely manner and assist crews with complicated calls. The Training Officer will be able to focus on training and quality improvement of EMS staff.

### EMS Wellness Program

The budget also includes funding for an EMS wellness program to increase the overall fitness of Emergency Medical Technicians (EMTs) and avoid injuries. EMT is a physically demanding job where employees work in challenging and stressful environments with constantly changing conditions. The majority of calls last roughly one hour, with nearly 70 percent of all calls requiring lifting and moving patients. Lifting and moving patients contribute to one-third of all injuries to EMS staff. The wellness program will enhance staff's health, mitigating the likelihood of injuries sustained while working. This program dove-tails with County-wide wellness efforts aimed at improving



County-wide wellness efforts aimed at improving

## PUBLIC SAFETY

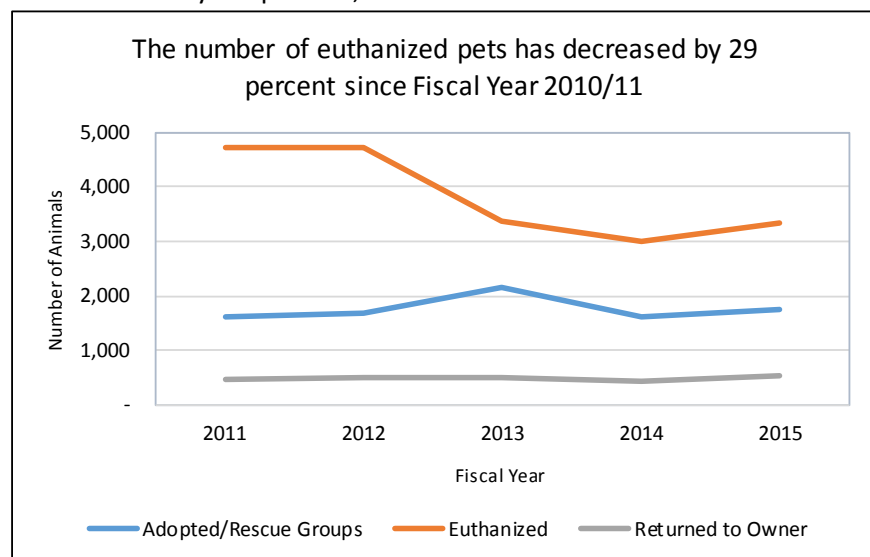
employee health and well-being, reducing insurance costs and thereby saving taxpayer dollars, and maintaining positive workplace morale.

Emergency Services will contract with CVMC to design a fitness and wellness program specific to EMS focused on five fitness categories (muscular endurance, muscular strength, flexibility, aerobic index, and body composition). Evaluations will occur twice a year, in October and April. Employees whose overall fitness score is “excellent,” “good,” or “average” will receive an incentive after the test. Those employees whose overall fitness is “fair” or “poor” will be eligible for an incentive at the next test upon improving in any fitness category by at least one level.

### Animal Services

#### Animal Shelter

In Fiscal Year 2014/15, upon opening a new \$4 million Animal Shelter, Catawba County entered into a partnership with the Humane Society of Catawba County (HSCC) to operate the shelter and manage animal adoptions. Since the partnership began, the number of animals adopted or sent to rescue groups has increased by 9.8 percent, and the number of animals returned to their owners has increased by 10.2



percent. As the partnership matures, these numbers and the number of services offered are expected to grow. For example, beginning in Fiscal Year 2016/17 a veterinarian will be onsite at least two days a week to perform spay/neuter procedures. This partnership has been very beneficial to the County and animals that have been adopted.

When the County and HSCC began this partnership, there were many unknowns

associated with the operating costs for the new, larger shelter. During budget planning, HSCC notified the County that at the current rate in the contract, it was running a \$60,000 annual deficit. Therefore, the County and the municipalities that partner in funding Animal Shelter operations will share in the increased costs, based proportionally on population.

#### Animal Control

Animal Control is another aspect of Animal Services and is also a government responsibility. The budget includes funds to hire a Chief Animal Control Officer. Over the last two years, animal control calls have nearly doubled in volume (86 percent). Animal bites and reports of animal cruelty, two of the most time-consuming animal control incidents, have increased over the last two years, making up 13 percent of the total call increase. Investigating these reports is both time- and labor-intensive. In fact, the vast majority of cruelty cases require at least two warrants, one for seizure of the animal and one for arrest of the animal owner. Obtaining these warrants requires collaboration with Catawba County's Legal Department and Sheriff's Office. At current staffing levels,

Incidents	2014	2015	% Change
Reported Bites	108	292	170%
Reports of Cruelty	415	489	18%
Total Calls	2,335	4,334	86%
Staffing	4	4	0%
Calls per Staff	583.75	1,083.50	86%

pursuing these types of warrants and appearing in court in animal cruelty cases can take up to 25 percent of an Animal Control Officer's time, reducing field coverage.

The new Chief Animal Control Officer will take on those duties as well as coordinate staff field activities, conduct performance appraisals, establish on-call schedules, and develop training programs. This position will increase Animal Control's efficiency and effectiveness, maintaining services in the face of this increasing workload.

### *Fire and Rescue*

The County's Fire/Rescue function helps coordinate fire department and rescue squad activities performed by independent fire and rescue districts, as well as performs fire inspections in unincorporated Catawba County and on behalf of Brookford, Catawba, Claremont, Maiden, and Longview, which contract for service. Fire/Rescue also works with both State and local law enforcement agencies to combat arson and unlawful burning. A constant goal is to make every citizen aware of the dangers of fire and to continue preventive fire safety programs in public schools.

### *Fire Protection Service Districts*

Catawba County is fortunate to have a large number of highly-trained and dedicated volunteers providing fire and medical first response (MFR) services. These volunteers willingly devote their time and effort and risk their personal safety for the benefit of the community. In recent years, however, increasing time commitments from employers, training requirements, and family obligations have decreased the number of volunteers and the hours volunteers are available to respond to calls, resulting in more departments supplementing volunteers with paid part-time or full-time staff. The budget includes a tax rate increase requested by 5 of the 14 Fire Protection Service Districts, largely driven by the need for staff to ensure proper fire protection response within each district (4 fire fighters are required to enter a structure fire), and addressing capital, equipment, and operating needs. These investments should help the districts maintain insurance ratings, which impact citizens' homeowners' insurance premiums. Details by district are included below:

District	2015/16	2016/17	Tax Rate Increase Justification
Catawba	0.0850	0.10	<ul style="list-style-type: none"><li>• Increase part-time staff to 128 hours/week</li><li>• Replace QRV &amp; Brush truck</li><li>• Set aside funds for future capital needs (\$6,000)</li></ul>
Maiden	0.0750	0.0800	<ul style="list-style-type: none"><li>• Transition 1 or 2 part-time employees to full-time status</li><li>• Purchase land for construction of new fire station</li><li>• Honor mutual aid agreements with Lincoln County</li></ul>
Mtn. View	0.0600	0.0750	<ul style="list-style-type: none"><li>• Add 2 part-time paid staff Monday through Friday from 8:00 to 5:00</li><li>• Increase in operational costs</li></ul>
St. Stephens	0.0900	0.12	<ul style="list-style-type: none"><li>• Add 3 full-time staff to have 2 fire fighters 24/7 and 2 fire fighters Monday through Friday from 7:00 a.m. to 5:00 p.m.</li><li>• Repair aerial apparatus to meet certification</li><li>• Set aside funds for future apparatus and equipment (\$51,000)</li></ul>
Sherrills Ford	0.0810	0.11	<ul style="list-style-type: none"><li>• Add 9 full-time staff</li><li>• Pay down debt service (\$30,000)</li><li>• Set aside funds for future capital (\$30,000)</li><li>• Increase in operational costs</li><li>• Department applying for SAFER grant. If received, staffing funds will be used to pay off all current debt and begin future station set-aside.</li></ul>

## Rescue Squads

To supplement EMS, the County contracts with six rescue squads and some fire departments for medical first response (MFR) services—providing quick medical assistance before EMS arrives on scene. The County has established a 6-minute response time goal for MFR. On average, the county-wide response time is currently 5:44.

The Sherrills Ford/Terrell Fire Protection Service District provides MFR services and is one of three agencies providing heavy rescue services. Historically, the department has received a portion of the two-thirds of one cent dedicated to rescue squads—\$36,591 for the past two

years to support this service. With the district's \$0.029 tax rate increase for fire protection services, these funds are instead allocated to Rescue Squad Capital reserve for future capital needs.

Medical 1 <sup>st</sup> Response		
Agency	Calls Responded	Avg. Response Time
Bandy's FD	262	6:36
Conover FD	508	4:51
Hickory FD	4,295	4:35
Long View FD	447	4:35
Mt. View FD	163	5:42
Propst FD	163	8:29
St. Stephens FD	785	5:37
Sherrills Ford/Terrell FD/Rescue	532	5:12
Catawba Rescue	637	5:48
Claremont Rescue	695	6:03
Hickory Rescue	1,581	6:22
Maiden Rescue	735	5:38
Newton-Conover Rescue	1785	5:11
<b>Total</b>	<b>12,588</b>	<b>5:44</b>

## Justice Public Safety Center (JPSC)

Opening in the spring of 2017, the new JPSC will culminate 10 years of planning and construction for the \$44.6 million project funded by voter approval of the ¼ cent local-option sale tax referendum in November 2007. The original Justice Center was opened in 1978. Over the last 38 years, the number of trials has increased and overall service demand has exceeded the building's capacity. Additionally, the Emergency-911 Communications Center has outgrown its space and requires significant technology upgrades.



Architect rendering of the Justice Center Expansion

The expanded JPSC will add 125,640 square feet, approximately half of which is dedicated to new courtrooms and court related space. All courtrooms will be outfitted with audio-video equipment to enhance evidence presentation. Other court-related space such as jury deliberation rooms, attorney/client conference rooms (the current facility has no such space), and attorney/judge conference rooms will benefit the public and justice officials. The Clerk of Court and District Attorney's Office will move into new space.

The other half of the JPSC expansion will house a new E-911 Communication Center, an Emergency Operations Center, Veterans' Services, EMS Administration, and other Emergency Services personnel. With conference, training, and multipurpose rooms, the new location will be more usable and flexible when compared to current Emergency Services' space, positively impacting service delivery.



Furthering the positive impact on services is the integration of technology within the facility. There will be approximately \$5 million in technology (roughly \$1 million in AV equipment alone funded via State E-911 funds) in the JPSC addition, making it the most technologically advanced building in the County.

The budget includes increased operating costs for the JPSC expansion including seven new positions, all planned:

- 3 Telecommunicators – to begin March 2017
- 2 Court Bailiffs – to begin March 2017 (Additionally, part-time Court Bailiffs are budgeted to supplement staffing levels beginning July 2016 to support increased court activities.)
- 1 Technology Network Engineer – to begin July 2016
- 1 Maintenance mechanic – to begin February 2017

### *E-911 Communications Center*

The new JPSC will have 9,700 square feet of space dedicated to the new E-911 Communications Center, with 11 consoles and future growth capacity to house an additional 7. The current facility is at maximum capacity with 6 consoles and doesn't provide enough consoles to optimally staff the Center during peak call times. The new facility will alleviate existing space concerns, accommodate future Telecommunicator staffing increases driven by call volume, and house updated equipment for optimal service provision. Three new Telecommunicator positions are slated to begin March 2017, the first staffing expansion for the E-911 Center since Fiscal Year 2008/09. This increase will improve upon already outstanding Telecommunicator performance by allowing flexible staffing levels to accommodate peak call times, ensuring timely dispatch of calls (currently just over 46 seconds) and reducing the average number of emergency calls received from nearly 3,000 to 2,650 per Telecommunicator.

### *VHF Simulcast Radio System Upgrade*

Funds are included to upgrade the VHF Simulcast Radio System used to communicate with fire and rescue volunteers via pagers. Pagers, rather than radios, are vital means of emergency communication with volunteer (and some paid) responders. The majority of the current VHF equipment was purchased in 2004, with some equipment dating back to 1996. The equipment has reached the end of its useful life and lacks technical support; if the equipment malfunctions it is not supported by warranty, and the amount of time and money needed to repair it could significantly impact the Center's performance. The upgrade will provide uniform pager coverage county-wide. Additional benefits from the upgrade will be improved dispatch capability, shorter repair time, and reduced radio transmission "dead spots." The County plans to apply for a State E-911 grant to cover the entire cost; however, if those dollars are unavailable (or only partially available), the County will have to fund the upgrade with local funds.

### *Backup E-911 Center*

Working in partnership with the City of Hickory, Catawba County has developed a plan to establish a backup E-911 center at the Hickory Police Department, as mandated by North Carolina General Statutes (G.S. 62A-46(e)). The purpose of a backup E-911 center is to ensure counties are able to establish and maintain emergency communications in the event the primary center is rendered inoperable due to natural or manmade disaster. State law requires Telecommunicators to be able to walk out of the primary center and walk into an identical back-up center, a costly requirement driving the purchase of equipment that will, hopefully, sit unused most of the time. While it is common sense that some level of redundancy for such a critical piece of infrastructure is appropriate, the State requirement that counties and cities develop and establish back-up E-911 Centers might be better addressed by establishing regional backup centers.

The budget includes \$1 million for the development of the backup center. Nearly three-quarters of the cost to develop the backup center can be funded with State E-911 funds. The remaining amount has been requested as a grant from State E-911 funds.

## Sheriff's Office

### *Previous Investments Appear to be Paying Off*

In Fiscal Year 2011/12, the Sheriff championed, and the County began adding road patrol deputies to address officer safety concerns and increased call volume, improve response capabilities, and allow the Sheriff to increase the amount of time spent on proactive policing. The goal of staffing two officers per County patrol zone, 24 hours per day, was reached in Fiscal Year 2014/15. Nearly two years later, this staffing increase has resulted in:

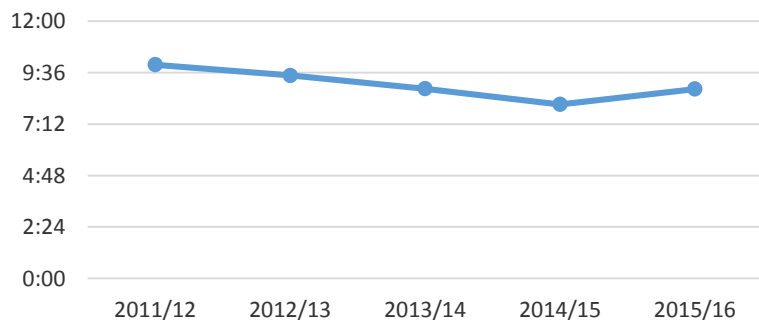
- Improved officer safety by ensuring back-up officers are closer and can arrive on-scene faster;
- Reduced response time by 11 percent (68 seconds) since Fiscal Year 2011/12; and
- Increased officer availability to focus on community outreach and proactive policing activities like church checks, senior checks, and premise checks, as measured by a 34 percent increase in the number of proactive calls and a 149 percent increase in the amount of time spent performing proactive policing activities.

In 2011/12, the County also added one narcotics investigator and the Sheriff reassigned one criminal

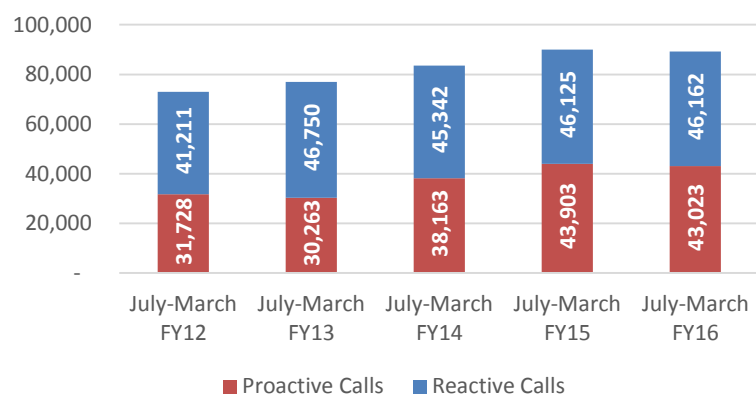
investigator to Narcotics to increase drug enforcement efforts. All of these investments appear to be having a positive impact on the crime rate as the Catawba County Sheriff's Office reported crimes have trended down at a faster rate than other North Carolina Sheriff's Offices.

- Through 2014 alone (most recent SBI data), the index crime rate decreased 37 percent, with a 38 percent decrease in violent crime and a 63 percent decrease in property crime. Additional investments since 2014 in not only Road Patrol but criminal and narcotics investigators are expected to further reduce crime rates over time.

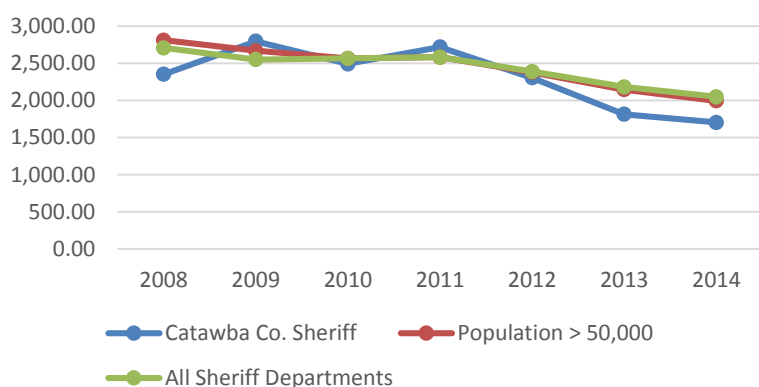
Year-to-date response times are 68 seconds faster in Fiscal Year 2015/16 than same time period of Fiscal Year 2011/12



### Proactive Calls are Up 34%



Since 2011, Catawba County's Index Crime Rate has trended downward at a faster rate than other NC Sheriff's Offices

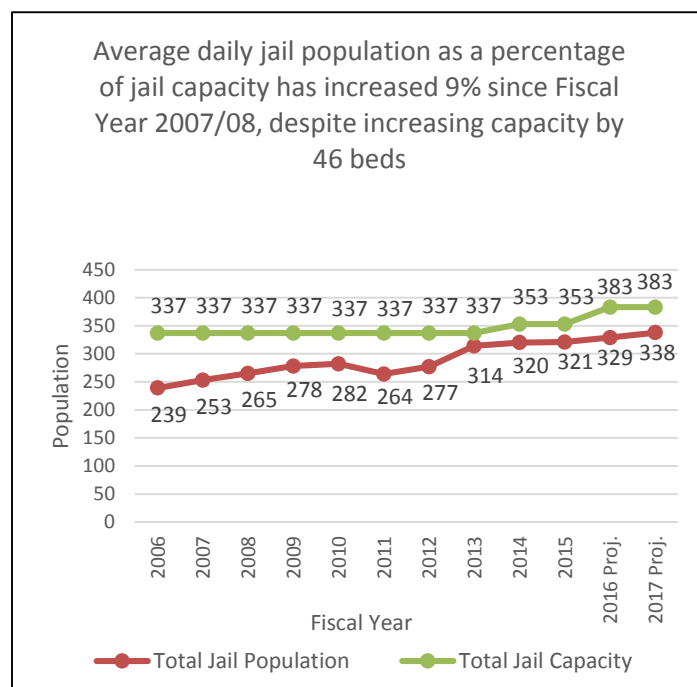


### *Narcotics Investigators*

The Sheriff continues to place a high priority on drug enforcement, linking the vast majority of violent and property crimes in Catawba County directly to drugs. Drug violations have increased in each of the last four years, with a combined increase of 671 percent since Fiscal Year 2011/12. This year alone, there has been a 75 percent increase (284) compared to the previous year. The increase is at least in part due to an increased focus on proactive drug enforcement targeting local distributors with trafficking level possession and thereby disrupting supply. The budget funds two new narcotics investigators to further reinforce efforts to proactively target illegal drugs and drive down overall crime rates.

### *Jail Expansion*

It is the County's responsibility to house all inmates as required by State law and the justice system. However, many factors outside the County's control contribute to inmate population growth, including crime rate, types of crimes committed, pace of prosecution, and State legislation regulating sentencing requirements.



The County's ownership of half of the Burke-Catawba District Confinement Facility (BCDCF) has paid dividends for over 20 years by enabling Catawba County to relieve pressure on space needs at the Catawba County Detention Center (CCDC) in Newton. Both counties experienced a surge in inmate population that peaked from mid-2012 through 2013/14. Catawba County's jail population went from an average growth rate of 3 to 4 percent per year to 13 percent during that 18-month period. While, the growth rate has since leveled off to an average of 1 to 2 percent, total inmate population has remained high, reaching 91 percent of capacity in 2015. Renovations to the old section of the CCDC to increase female bed capacity by 46 beds provided some relief but the facility is within 86 percent capacity on average.

In October 2014, Burke County notified Catawba County of its intent to build a new jail and to end the BCDCF partnership, resulting in an agreement between the two counties to close the facility no later than December 31, 2021. Without the BCDCF, Catawba County needs to expand the detention center in Newton to meet current and future bed space needs. Operational costs for the expanded detention center will be at least partially offset by Catawba County's share of BCDCF operating costs.

Building a new jail or expanding an existing jail is a long process with roughly a three-year lead time to design, build, and become operational. The CCDC was designed with this in mind, with the capacity to add 256 beds in anticipation of future expansion needs. The design process has already begun, and will take about nine months to complete, with construction beginning in Fiscal Year 2017/18.

Since the last jail expansion, Catawba County has been renting a limited number of beds to the Federal government at the Newton jail and banking the proceeds to help fund the planned expansion. Additionally, the Board of Commissioners dedicated 1.5 cents (\$2.4 million) on the property tax rate annually for jail expansion. The County has set aside \$5.1 million to date and an additional \$3.625 million is in the budget, increasing the total set aside to \$8.8 million by June 30, 2017 towards the estimated \$17

## PUBLIC SAFETY

million project. The County's foresight in setting these funds aside is expected to save citizens \$3 million through interest cost avoidance, based upon the fact that the County will have to borrow less to fund the expansion.

### Capital Investments

The budget includes the following capital expenses for the Sheriff's Office:

- **Motor Vehicles** – To ensure a reliable fleet, \$600,000 to replace 15 front-line vehicles consistent with planned replacement schedules and acquire one new vehicle for Narcotics.
- **Sheriff Jail Holding Area** - \$100,000 to convert an underused room into an expanded jail holding area for inmates scheduled to appear in court. Currently, bailiffs enter the jail interior and move shackled inmates long distances up a hill separating the old and new sections of the jail, all while court is in session. This process is slow and increases potential liability. The new space will allow up to 40 inmates at a time to be held closer to the courtrooms, increasing the efficiency of bailiffs moving inmates awaiting daily court appearance.

### Jail Diversion Efforts

On average, it costs Catawba County \$75 per day to house one inmate. To save money and prolong the life of the existing detention facilities, **the County funds jail diversion efforts with an anticipated return on investment of \$12 savings for every \$1 spent.** Without the following services from Repay, which have helped prolong the capacity of the existing facility by avoiding 23,512 bed days valued at \$1.8 million annually, a jail expansion would have been necessary much sooner:

- Pretrial Services helps expedite the release of non-violent inmates after interviewing them, either through disposition of cases or bond modifications. These efforts decrease the average daily jail population by 28 inmates, avoiding \$765,450 in jail costs per year.
- Justice System Coordination focuses on moving cases through the judicial system as quickly as possible, assisting defendants with Affidavits of Indigence, working to assure priority courtroom use through pleas and other methods, and improving technology in courtrooms, reducing the average daily jail population by 49 inmates, avoiding \$1 million in jail costs per year.



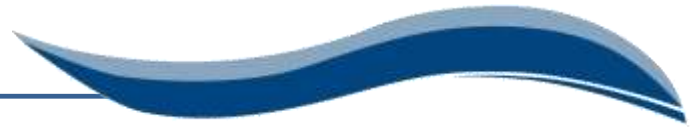
### Other Public Safety

The Conflict Resolution Center (CRC) provides services to divert criminal and civil cases that can potentially be settled through mediation and conflict resolution strategies. Effective January 1, 2013, the General Assembly mandated that all citizen-versus-citizen warrants be referred to mediation on a fee basis. Prior to the mandate, however, Catawba County was already providing mediation because it is proven to be effective in diverting cases from courts and achieves a strong return on investment. In Fiscal Year 2014/15, the CRC received 233 referrals resulting in 191 cases being successfully mediated (82 percent success rate). The fees for service don't fully cover the cost of providing the service in Catawba County court rooms (located in Hickory and Newton) four days per week. Accordingly, the budget provides \$13,000 toward the cost of this program.



The budget maintains \$27,000 in funding for the Lake Norman Marine Commission (LMNC), an agency dedicated to preserving safety and recreation on the lake. LMNC is funded equally by the four counties bordering Lake Norman (Catawba, Lincoln, Iredell, and Mecklenburg). Funds are used to maintain the navigational system, to control the

Hydrilla exotic weed growth through continued introduction of sterile grass carp, to promote safe boating, and to maintain water quality on the lake.



### PUBLIC HEALTH

Catawba County Public Health works to build community capacity and partnerships to detect and prevent disease, prepare for and respond to emergencies, protect the public from health threats and environmental hazards, and educate the community about emerging and ongoing public health issues. In many cases, Public Health is mandated at some level to provide, contract for the provision of, or certify the availability of services. Public Health's role is not to compete with other providers that offer critical health services. Based on this philosophy, Public Health stopped directly providing two major services in Fiscal Year 2015/16, shifting to more of an assurance role and resulting in reductions of \$2.6 million in the department's budget and the elimination of 26 positions (25 FTEs).

#### Dental Health

A study published in the *American Journal of Public Health* in October 2011 found that "children with poorer oral health were more likely to experience dental pain, miss school, and perform poorly in school. These findings suggest that improving children's oral health may be a vehicle to enhancing their educational experience. The two most prevalent dental problems, tooth decay and gum disease, are almost entirely preventable." These occurrences disproportionately affect minorities and low income populations. Recognizing the importance of dental health to the children in its community, Catawba County has operated a dental clinic called Catawba Family Dentistry at Public Health for many years.

CCPH Dental Patients		
Fiscal Year	# Served	Growth
2010-11	1186	NA
2011-12	1212	2.2%
2012-13	1274	5.1%
2013-14	1373	7.8%
2014-15	1408	2.5%
2015-16*	1621	15.1%

In September 2015, the County contracted with Gaston Family Health Services, the local Federally Qualified Health Center (FQHC), to operate Catawba Family Dentistry. This partnership allows Public Health to refocus its efforts on case management, ensuring access to dental services for children and pregnant Medicaid recipients rather than providing those services directly. The FQHC has two dentists on staff rather than one and operates the clinic five days a week rather than four. Through March of this fiscal year, the dental clinic had already served 15.1 percent more patients than the entire previous year and is on track to serve over 2,100 patients total this year, roughly a 50 percent increase.

#### Home Health

Catawba County Public Health was one of the last local health departments in the State to continue providing home health services. The Unifour region has become an increasingly competitive home health marketplace, and it has been a continual challenge for Catawba County Home Health to remain competitive and financially viable in this dynamic environment. As the home health marketplace has expanded, residents now have access to several home health service providers, and that access continues to grow.

Earlier this year, the Board of Commissioners made the difficult, but well thought-out, decision to sell the Home Health business to Kindred Healthcare. The sale of Home Health was the result of years of diminishing revenues, attributed to a changing payer mix (the type of clients served), an increasingly competitive home health market, and further adjustments to Medicare and Medicaid reimbursements. The County and Kindred coordinated patient care to ensure a smooth transition from one entity to the other. The County also worked to provide staff working in Home Health every opportunity to transition to positions with Kindred or other positions within Catawba County. The County received \$3.5 million in one-time proceeds from the sale.



### *Existing Partnerships Continue*

Over the last several years, Public Health has partnered with CVMC to provide maternal health services and with Catawba Pediatrics for child health services. These partnerships have been effective in assuring high quality care for citizens in need, rather than directly providing the services at Public Health. As previously noted, Dental Health services will now also be managed in this way.



*\$1 million annual investment  
helps support school nurse to  
student ratio of 1:1,044*

CVMC continues to be a vital partner in the school nurse initiative, providing \$1 million annually toward the effort to place school nurses in schools throughout the County's three public school systems. Thanks in large part to the hospital's investment, the current school nurse to student ratio is 1:1,044.



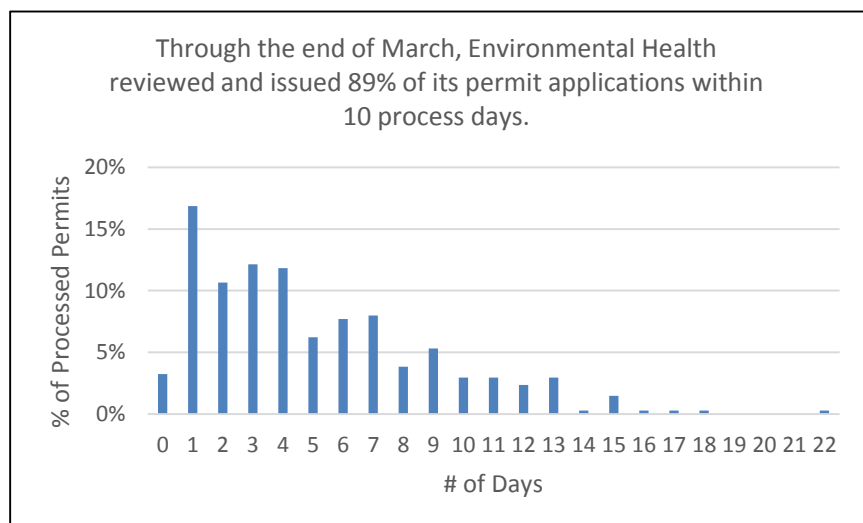
### *Duke Endowment Grant: Healthy People Healthy Carolinas*

Catawba County Health Partners, the 501(c)3 nonprofit community coalition operated and managed by Catawba County Public Health, was selected to participate in the Healthy People Health Carolinas (HPHC) grant program. This program will help Catawba County Health Partners build capacity to focus on the County's top health priorities (Nutrition, Physical Activity, and Chronic Disease) as determined by the Community Health Assessment; implement transformative community change strategies such as providing nutrition education to residents when they apply for Supplemental Nutrition Assistance Program (SNAP) benefits; and improve population health outcomes in Catawba County such as reducing the mortality rate of preventable chronic diseases like Type 2 diabetes. The program awarded Health Partners \$150,000 annually for three years beginning in January 2016. To oversee the program (i.e. coordinate and implement grant deliverables), a grant funded Community Health Coordinator position was created in January 2016 by repurposing an existing vacant Dental Health position.

### *Environmental Health*

Environmental Health's Onsite Well and Wastewater unit has an outcome to provide excellent customer service by reviewing 92 percent of onsite well/septic permits within 10 process days. Over the last two years, the unit's performance has fallen slightly, due to increases in demand and complexity of the sites being developed. Through March, 89 percent of permits were reviewed and issued within 10

process days. The median turnaround time was 4 days, meaning half the permits were issued in less than 4 days and half took longer than 4 days. To address the decline, an Environmental Health position was added in November 2015 by repurposing an existing vacant position from Home Health. The additional personnel is expected to increase performance and reduce permit review and issuance timeframes.



### *Public Health Farmers' Market*

Winner of three national awards, this is the fourth year of operation for the Public Health Farmers' Market. The Market operates every Thursday from 10:00 a.m. to 1:00 p.m. from June to September. It has been recognized for its success in increasing access to and consumption of fresh produce for participants in Public Health's WIC supplemental nutrition program, in alignment with the Board of Commissioners' recent focus on local foods and implementation of the Farm & Food Sustainability Plan. The WIC program provides nutrition education and supplemental foods to eligible women, infants, and children of Catawba County. In the US, every WIC dollar spent on a pregnant woman saves \$4.21 in Medicaid cost during the first 60 days of an infant's life. Over its first 2 seasons, the Market, located in the parking lot of Catawba County's Public Health facility, increased the county redemption rate of WIC Farmers' Market vouchers to 64.37 percent in 2014, from 51.29 percent in 2012. This places the County in 1<sup>st</sup> place statewide for redemption of WIC vouchers. The Farmers' Market has been the recipient of the following recognition:

- 2014 J. Robert Havlick Award for Innovation in Local Government
- 2014 Outstanding Program Award from National Association of Counties (NACo)
- 2014 Community Leadership Award from President's Council on Fitness, Sports and Nutrition
- 2015 International City-County Management Association Local Food Systems Case Study

## SOCIAL SERVICES

### *Integration of Trauma Services with Partners Behavioral Health Management (BHM)*

Since 2004 Social Services, through Family NET, has operated a stand-alone mental health clinic providing school-based social work, clinical services and out-patient mental health therapy to the general population of children and adolescents in Catawba County. At its inception, Family NET filled a void in the community for these services, preventing children from being sent out of county to receive services. Now, however, Medicaid, Child Welfare, and Mental Health reforms at the State and Federal levels have led to a growing presence of community mental health/trauma service providers.

In the coming year, Social Services will work with Partners BHM to transition Family NET into a specialized provider of mental health and trauma services exclusively serving youths and families involved with Child Protective Services, In-Home Services, Foster Care, and Post-Care. Beginning July 1, 2016, Family NET will no longer provide Juvenile Crime Prevention Council-funded services; Intensive In-Home Service; Therapeutic Foster Care; or Mental Health Therapy to Lincoln County.

These changes will yield significant advantages for children and parents by:

- Improving parenting skills, developing and stabilizing family relationships, educational attainment.
- Increasing caregivers' knowledge and capacity of how their behaviors/trauma impacts their children's well-being, and equipping caregivers with tools to deal with these impacts through knowledge of what services are available and how they can be accessed.
- **Shortening the length of stay at County residential cottages from the current 19 month average (17 months shorter than the State's 36 month average).**
- Increasing a child's placement stability to improve his/her well-being. Federal outcome measures and funding are tied to children being maintained in placements rather than frequently moved. (Trauma is a large reason for placement instability, which is why trauma services for children and caregivers are so important.)
- Improving a child's social and emotional functioning (per each child's unique needs) to ensure better future outcomes. Optimally social and emotional interactions will return as close to normal levels of functioning observed in other people who have not have experienced trauma.
- Decreasing the use of intensive, restrictive mental health services by minimizing the use of lock-down

facilities while providing higher levels of care for children in more normal settings.

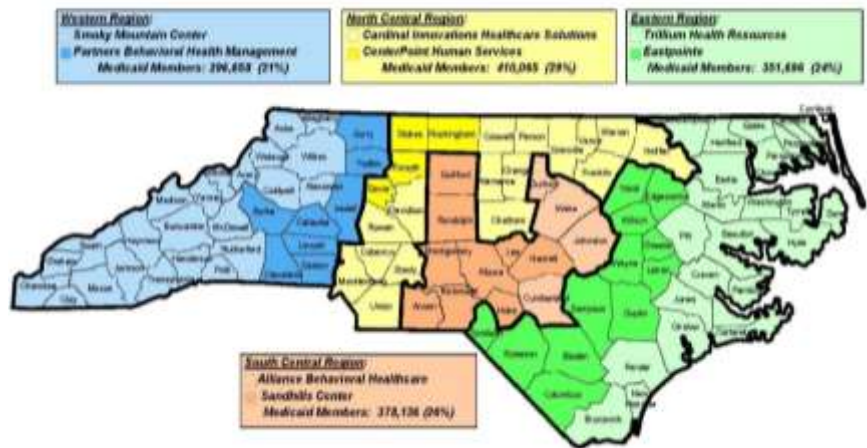
- Reducing the occurrence of child trauma and entry into foster care/Social Services' custody whenever possible by providing preventive services while working with parents before bringing children into care.
- Decreasing the number of Child Protective Services re-assessments on a child and/or family, which would indicate that the trauma services intervention is successful.

## Partners BHM

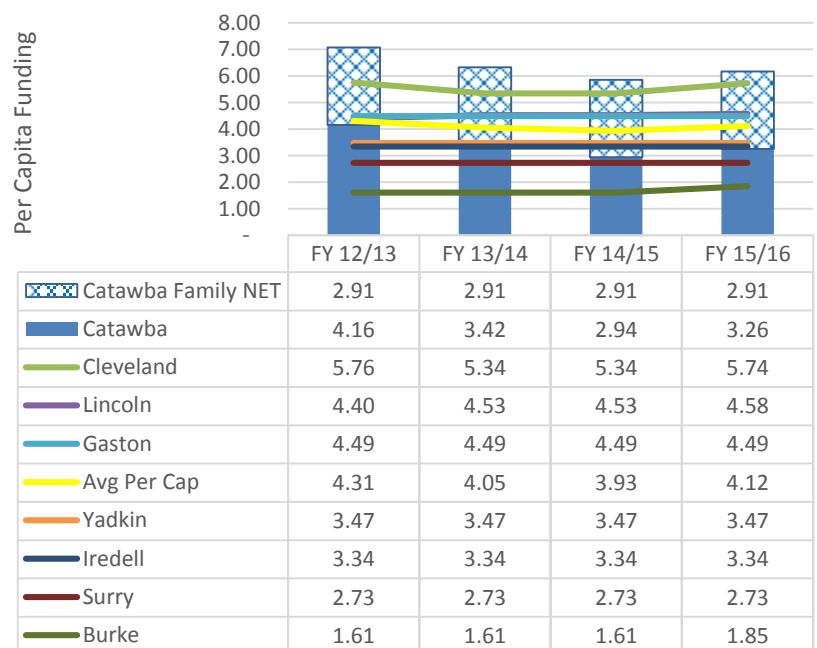
Since mental health reform began over nine years ago, the State has increased its responsibility for and control over mental health services through a series of mergers and the establishment of Managed Care Organizations (MCOs). Partners BHM is the MCO for Catawba, Burke, Cleveland, Gaston, Iredell, Lincoln, Surry, and Yadkin Counties. On March 17, 2016, NC Secretary of Health and Human Services Richard Brajer announced plans to merge the current 8 Statewide MCOs into 4 regional MCOs, each representing 21 to 29 percent of the State's Medicaid population. Partners BHM will merge with Smoky Mountain Center, the MCO managing the 23 most western counties.

Despite the State's relative takeover, each county continues to provide funding for services not otherwise supported by Federal or State dollars based on individual county needs. In Fiscal Year 2015/16, Catawba County provided \$509,000 directly to Partners BHM. An additional \$455,000 in County funds, previously allocated through Partners, is directly budgeted in Social Services to provide mental health services to children involved with the department due to abuse, neglect, or dependency and individuals classified as mental health wards of the State. When the State MCO system began, County funds were sent to Partners, which contracted with Social Services to provide services. The chart reflects Catawba County's per capita support for services compared to others served by Partners BHM.

**Proposed Local Management Entity - Managed Care Organizations (LME-MCOs)**  
Reflects Proposed Regional Entities As Of 3/17/16



**Partners BHM - Per Capita Funding Comparisons**  
(Including Family NET)





In the past, the County has been directive in its funding for mental health services. To allow Partners BHM more flexibility in adapting service offerings to the needs of the community, the budget increases Catawba County's funding for Partners BHM to \$525,000 in support of two new and five existing services that benefit Catawba County citizens, but allows the MCO increased latitude in how much to spend on each service.

### *New Initiatives:*

- Partners BHM will use a portion of the County funds to assist it in establishing a Behavioral Urgent Care Center in Catawba County in partnership with local physical and behavioral health providers. The center will provide a one-stop location allowing for same-day access to medical and mental health services, for which the needs are frequently connected. Another major benefit of the center will be the availability of a supervised location for law enforcement officers to leave individuals in need of involuntary commitment during hours of operation, rather than the current practice where officers have to supervise patients for up to 24 hours at a hospital.
- Adult/Child Collaborative is a team of Juvenile Justice, Partners BHM staff and providers, law enforcement, schools, families of children with disabilities, Social Services, Public Health, and others who have a vested interest in children and adults with disabilities. Funds help support priorities identified by the group such as parent handbooks containing community resource information on mental health related issues, suicide prevention materials, and trauma training.

### *Continuing Efforts:*

- Mental health and substance abuse (MH/SA) services to inmates in the Catawba County Detention Center including mental health assessments, assistance with involuntary commitments,

substance abuse treatment, anger management, and on-call assistance.

- Psychiatric support services through Catawba Valley Behavioral Health. Services include psychological testing, assessments, psychiatric evaluation, medication management, and individual, group, and family therapy.
- Support to LifeSkills, a day treatment program that provides independent living skills and vocational training opportunities for individuals with severe or profound developmental disabilities.
- Assistance to residents of Newton Apartments through a housing subsidy program to help individuals with disabilities afford housing and connect them with mental health services.
- Temporary housing funds to assist individuals with mental health issues obtain temporary or emergent housing until a more permanent solution can be found.

Service	Citizens Served As of 12/31/15
Psychiatric Support	1,394
LifeSkills Operations	37
MH/SA Services in Jail	186
Housing/Newton Apt Subsidy	21
Temporary Housing	50
<b>Total</b>	<b>1,688</b>

Additionally, \$115,000 is budgeted in restricted alcohol beverage control (ABC) funds for alcohol and substance abuse treatment in Catawba County.



### PLANNING

#### *The Village at Sherrills Ford*

The Village Center at Sherrills Ford is designed to be a 200-acre mixed-use development with 775 residential units (325 single-family and 450 multi-family homes) and 665,000 square feet of retail, office, and medical space. The development will be pedestrian friendly and take advantage of its proximity to the lake. Overall aesthetics of the property will be consistent with the County's Unified Development Ordinance standards, including:

- Consistent architectural and color scheme
- Screening of outside storage
- Buildings greater than 75,000 square feet must break up the front of buildings with recessed sections and projections.

In conjunction with this project, the developer has agreed to donate \$500,000 to develop nearby Mountain Creek Park (\$250,000 received to date), contribute 1.5 acres for the County's future use as a government services center, provide CVMC with the option of purchasing 3 acres for future development of a medical facility, and provide the YMCA with the option of purchasing land for a potential facility.

Site preparation is underway in four of the six Village Center sections. DR Horton purchased sections A and B with plans to build up to 163 single family houses. Sections F and G are being prepared for future commercial and multi-family development. The first building permits are expected by late summer 2016.



*Proposed Village at Sherrills Ford development plan*

### PARKS

Established in 1999 with the construction of Riverbend Park, the Catawba County Parks system has gradually expanded, adding Bakers Mountain Park in 2002 and St. Stephens Park in 2008. Today, the parks system serves approximately 110,000 patrons annually and is widely recognized as a valuable community asset that contributes significantly to the County's and the region's quality of life. Due to the parks' popularity, the County reinstated a 6-day per week operating schedule in the current year. Feedback has been very positive and patrons are taking advantage of the increased hours as signified by a 23 percent increase in attendance through midyear. If that pace continues, the parks are projected to host an additional 10,000 patrons this year.

#### *Mountain Creek Park*

Starting this year, planning will begin for development of Mountain Creek Park. The 588-acre site was purchased in 2007 and is located in the Southeastern portion of the County, an area with significant growth potential. The proposed conceptual plan for Mountain Creek Park, found in the Comprehensive Parks Master Plan (adopted by the Board of Commissioners in 2015), shows amenities such as canoe portage, camping, picnic shelters, hiking trails, and a multi-use building, which will be developed in multiple phases.

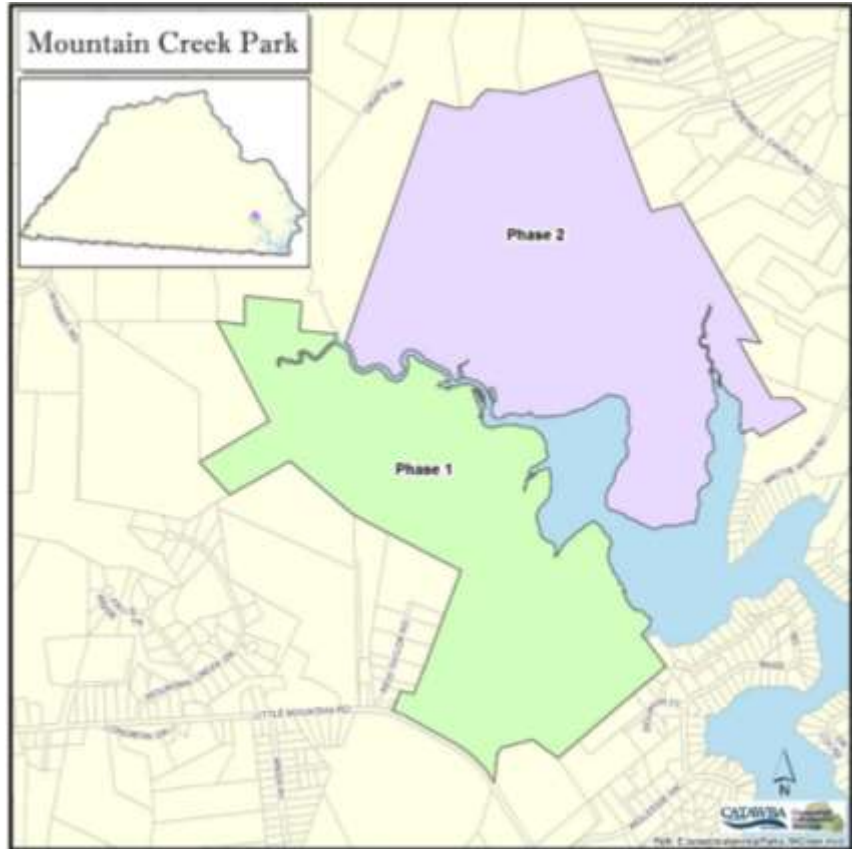
Existing project funds will be used this year to design the park and provide security fencing around the area. The department will also submit a Parks and Recreation Trust Fund (PARTF) grant application next



spring to help fund Phase 1 of Mountain Creek. Park construction is anticipated to begin in Fiscal Year 2017/18. Total Phase 1 expense is estimated at \$500,000, with \$250,000 requested from PARTF funds and \$250,000 coming from the County, which includes the Village at Sherrills Ford donation.

### *Riverbend Park*

Another Parks' priority as identified in the Parks Master Plan is to improve existing parks by refurbishing and renovating park amenities. In the current year, Parks was successful in obtaining a \$100,000 grant from Duke Energy Foundation to replace the observation deck destroyed in the July 2013 flood. The budget includes \$61,500 to repair the picnic shelter, replace picnic tables, update traffic signage, and resurface asphalt. Additionally, the County is discussing the acquisition of 200 acres (a wooded/pastured farm with house and accessory structures) adjacent to the park through a lease-purchase arrangement over time, with the timeframe driven by the availability of PARTF grant funds. Proceeds from the sale of County owned property on Slanting Bridge Road will assist the County in purchasing property and potentially developing the Park over time.



### *Bunker Hill Covered Bridge*

Located near Lyle Creek, in Claremont, the historic Bunker Hill Covered Bridge is the last remaining "Haupt Improved Lattice Truss" bridge and one of two remaining covered bridges in North Carolina. The bridge is owned by the Catawba County Historical Association (CCHA). The County, CCHA, the North Carolina Department of Natural and Cultural Resources, and the North Carolina Conservation Fund have worked together to revitalize the area surrounding the bridge. In the current year, a waterline was installed by the County to provide fire suppression for the bridge. Additionally, a road from US Highway 70 to the bridge and parking lot was paved, increasing accessibility for school children and general public.



Protecting the Bunker Hill Covered Bridge and sharing this valuable historic structure with the public is a top priority for CCHA. The Conservation Fund acquired two acres of land and a house adjacent to Bunker Hill Covered Bridge in 2014, with the intent of selling the property to CCHA or the County in the future. The house and land offer service expansion opportunities such as parking, trails, storage, and meeting space. The budget includes a \$50,000 increase to CCHA to initially assist with purchasing this property and in future years to be used as CCHA sees fit, to preserve the County's history and promote it to the public.

### Library

With the mission of being “our community’s place to connect, explore, and grow,” the Library is a critical community asset, providing a place where anyone can access information and assistance. Over one-half of Catawba County residents (52 percent) have County library cards, resulting in more than 400,000 annual visits.

#### *Strategic Plan*

As libraries continue to play a key role in the economy, Catawba County values its library services and programs as a way to empower lives and build community. Last year, the Library developed and the Board of Commissioners adopted a strategic plan to guide the department’s priorities from 2016-2019. Based on a comprehensive community needs assessment, Library efforts focus on the following priorities:



Goal 1: Library Anytime, Anywhere: Expand Citizens’ Access to Information and Ideas



Goal 2: As a Community Center of Excellence, Fuel Citizens’ Passion for Reading, Personal Growth, and Learning



Goal 3: Innovate to Provide 21<sup>st</sup> Century Access that Empowers our Citizens

As part of the strategic plan, several key strategies were developed and prioritized for each goal. The Library’s top priority of driving increased digital literacy and providing apps for hands-on experiences was moved forward through funding a Digital Services Librarian in the current year. This position is responsible for implementing a strategy to expand access through 24-hour availability of digital learning resources and a more intuitive, user-friendly website, and overseeing the provision of state-of-the-art technology and technology programming to ensure access across the entire community.

Also in the current year, the Library:

- Partnered with NC Works to provide employment and job skills counseling
- Offered tablets for public use, wireless printing, and a new "TechConnect" space allowing access to high-tech devices and career enhancing tools
- Implemented Radio Frequency Identification and updated community meeting spaces to enhance access to library space

In the coming year, the Library will partner with Technology to bridge the digital divide, replacing public computers, updating switches and fiber connections, and adding new technology such as smart tables. Additionally, the Library will work with Facilities to create a more welcoming and vibrant library space through interior and exterior painting at the Newton, Maiden, and St. Stephens branches.

### *Partnerships with Municipalities*

The Library operates with a perpetual focus on collaboration. The Cities of Claremont, Conover, and Newton make financial contributions to the library branches in their respective municipalities. The Claremont and Conover branches are located in buildings owned by the municipalities. The Town of Maiden provides space for the branch at no cost to the County.

In addition to funding Catawba County Libraries, the County provides funding to Hickory Public Libraries, allowing Catawba County citizens living outside the city limits to use Patrick Beaver and Ridgeview Libraries for free, since Hickory charges non-residents for library cards. The two library systems also partner on programming to ensure citizens receive quality library services. Examples of successful partnerships include the annual Big and Little Read programs designed to encourage community-wide reading and a recent initiative to collect canned foods for donation to local food pantries in place of fines. The budget increases support for Hickory Public Libraries by 3 percent to \$219,000.



*Hickory Public Libraries*

### **Other Cultural**

Non-profit and for-profit arts and culture organizations in the community are drivers of economic activity. In addition to the direct spending associated with arts-related jobs, the level of indirect spending associated with arts and cultural events is significant. Many people will make an evening out of attending an arts or cultural event, taking in dinner and shopping in addition to the event itself. These expenditures benefit businesses and generate tax revenue for local government.

The United Arts Council, in partnership with the Arts and Science Council of Charlotte-Mecklenburg, is currently participating in the Americans for the Arts' latest national economic impact study.



According to the most recent national study, the typical arts attendee spends \$24.60 per event above the cost of admission. Additionally, arts and culture organizations enhance the quality of life in a community and attract citizens who value creativity and self-expression. Catawba County's specific arts-related economic impacts will be available in June 2017. For these reasons, Catawba County's investment in local arts and culture organizations makes good economic sense. The County provides annual funding to the United Arts Council, which is the designated County partner appointed by the North Carolina State Legislature to receive State funds.

The budget increases funding for the United Arts Council to \$155,830, equivalent to \$1 per citizen. Achieving the \$1 per capita mark is a significant milestone that has been an objective for several years. County and municipal funds are used to match North Carolina Grassroots Arts funds for Projects Pool grants, for Community Cultural Fund grants which help to underwrite arts events in communities throughout the County (particularly for underserved, rural, or ethnic groups), for Collaborative grants between local arts agencies, for marketing the arts, and for United Arts Council administration including grant writing and oversight. Many of the grant programs require matching dollars from applicants, leveraging the County's allocation for an estimated \$4 spent in the community for every \$1 invested. Both the Salt Block (which houses the Catawba Science Center, the Hickory Museum of Art, the United Arts Council, and funded affiliates) and the Newton-Conover Auditorium receive County funding toward the upkeep and maintenance of these community facilities. Additionally, the budget increases funding for the Historical Museum to \$125,000 to assist them in preserving the County's vibrant history and its historic sites.



*Catawba County Museum of History*

### COOPERATIVE EXTENSION

The County continues to pay its share of Cooperative Extension, in partnership with the State and other counties. During the current year, two long-time vacant positions, the Family and Consumer Sciences Agent (FCS) and the Livestock Agent, were filled by the State. The FCS position—vacant since Fiscal Year 2014/15—specializes in food safety and processing and will be funded through a three-way partnership with North Carolina State University, Iredell County, and Catawba County. Having this position filled gives Cooperative Extension the capacity to offer Serv-Safe, a 16-hour course that certifies the



participant as a Food Protection Manager. Course participants learn about:

- Potentially hazardous foods and safe food handling practices
- Setting up standards and procedures for proper receiving, storage, cleaning and sanitizing

The Livestock Agent, vacant since Fiscal Year 2013/14, is another partnership between the State and two counties—Catawba and Lincoln. The agent educates livestock farmers about pasture management and nutritional needs of livestock. Additionally, the agent works with Catawba Valley Cattlemen's Association and the local Farm Bureau.

The budget also continues to fund a Local Foods Agent position, primarily supported by Catawba County. The Local Foods Agent is responsible for organizing the annual *Eat Drink and Be Local* event and coordinating with local producers, restaurants, and other community



partners to implement the Farm Food and Sustainability Plan.

### *North Carolina Cooperative Extension Government Partnership Award*

Catawba County was one of five State-wide recipients of the North Carolina Cooperative Extension Foundation Government Partnership Awards. The Catawba County Board of Commissioners was recognized as being supportive of Cooperative Extension Service, providing needed resources and maintaining departmental capacity in a time of State cutbacks and position losses across the organization. The County was also recognized for the close cooperation between County departments and actions taken to support Cooperative Extension goals, including:

- Planning and Parks' integral role in the Voluntary Agriculture District program designed to protect farms and slow the loss of farmland in the county.
- Public Health's and Social Services' involvement in the Public Health Farmers' Market and similar initiatives to connect low-income county residents to the local food system.
- Library assistance in launching an Advanced Gardener series and developing a library community garden on-site at some branches.
- The Board of Commissioners' official proclamation declaring the fourth week of June as *Eat Drink and Be Local* Week and urging all county residents to participate and enjoy local agriculture.



CATAWBA COUNTY RANKED **#1**  
AGAIN FOR TOTAL PUBLIC  
RECYCLING IN 2014



### Solid Waste

#### Recycling

Catawba County continues to be a Statewide leader in recycling, ranking #1 in the State in 2014 for total public recycling per capita. In 2014, Catawba County citizens recycled an average of 507.55 pounds per person with an 88.3 percent participation rate in the residential curbside recycling program. This is a significant achievement, and represents the 8<sup>th</sup> year in a row the County has ranked either #1 or #2 in the State. Without these recycling efforts, projections indicate a new Landfill cell (estimated to cost just under \$7.5 million) would be needed at least 2 years earlier than the current projection of June 2021.

#### Household Hazardous Waste Collections

Two years ago, the County began accepting paint and electronics year-round at the Blackburn Landfill for free. This program gives citizens a convenient place to recycle these materials and helps the County to comply with State law, which bans certain materials from the Landfill. In addition to year-round collection, the County holds an annual one-day Household Hazardous Waste (HHW) event. This year's event, held on November 7, 2015 at LP Frans Stadium in Hickory, provided 687 vehicles convenient access to recycle 83,987 pounds of HHW, paint, pesticides, and electronics free of charge. This effort also significantly helps prolong the life of the existing landfill and delays opening of a new Landfill cell.

### Energy Retrofits

Catawba County continues to pursue energy efficiency because it preserves the environment and saves money in the long-term. To continue this effort, a series of systematic energy audits at County facilities has been conducted, and implementation of major recommendations is underway. Next year, efforts will focus on additional investments at the Social Services building based on energy audit recommendations.

An ongoing project to save energy and money is the energy lighting retrofit project, which is the replacement of T-12 lighting with T-8 lighting or better. Over 93 percent of County-owned facilities (595,771 square feet) has been retrofit with T-8 bulbs or better. Facilities Maintenance plans on addressing an additional 10,561 square feet (roughly 1.6 percent) in the coming year. After that, however, the return-on-investment associated with the remaining square footage is not worth the up-front investment.

As a result of these retrofits and other sustainability efforts, through 2015 the County has reduced its per-square foot energy consumption by over 10 percent (since the baseline year of 2010). These reductions translate into real dollar savings for taxpayers, as Catawba County's reduced energy consumption of over 1 million kilowatts avoids almost \$90,000 in annual expense.

#### Energy Use & Avoided Expense





### Water & Sewer

Water and sewer investments in the upcoming fiscal year address community priorities regarding environmentally-responsible sewage disposal. They also work in support of the Board's goal for increased economic development. The County dedicates 1 cent (\$1.6 million) of the property tax rate and \$728,472 in ¼ cent sales tax annually to partner with municipalities to fund water and sewer priorities. This year, work will continue on some previously approved projects while others that aren't ready to move forward at this time will be closed to fund more pressing needs.

#### *New Projects*

##### *Highway 16 Sleeves (\$530,000)*

This project includes the installation of approximately 5,000 linear feet of 12-inch gravity sewer line along the widened NC Highway 16 and the installation of approximately 350 ft. of steel encasement pipe underneath the widened NC Highway 16 to extend utilities in the future.



##### *Highway 16 Sewer (\$910,000)*

This loan project, in partnership with the City of Newton, will provide funds for future sewer along Highway 16 south of Newton. Initial funding could cover design and permitting.

##### *SECC Service Area Sewer Study (\$75,000)*

This project funds a sewer study and modeling of the SECC Service Area as requested by the Board of Commissioners.

#### *Work Continues on Previously Approved Projects*

##### *Park 1764 Water and Sewer (\$700,000)*

This project, in partnership with City of Hickory, will provide water and sewer service on the

property site located between Startown and Robinwood Roads. The \$700,000 represents the County's 50 percent obligation, with the City of Hickory paying the other 50 percent. Park 1764 will be the only Class A Business Park in the entire region and is designed to appeal to international and upper-end business opportunities. Every 100 jobs created in the park equates to 178 total jobs (37 indirect jobs created to provide goods and services for the Park and 41 induced jobs created by spending from the direct and indirect job recipients) throughout the community. It will also benefit existing businesses and could spur new housing construction. Work on the sewer line is underway with full project completion planned after commitment from a company is cemented.

##### *McLin/Lyle Creek Sewer Outfall Phase 1 Loan Program (\$2,576,393)*

Funding has been set aside to allow the County to partner with Claremont and Hickory to extend sewer within the Lyle and McLin Creek basins in eastern Catawba County. The County is currently awaiting agreement

on the size of the project between the City of Claremont and City of Hickory.

##### *Sludge Composting Project (\$400,000)*

This amount covers the County's portion of the Regional Compost Sludge Facility through an inter-local agreement with Hickory and Conover. Since Fiscal Year 2011/12, a total of \$2,946,151 has been funded to cover operations of the sludge composting facility, with this year's \$400,000 appropriation.

##### *Davis Road Water Loan Program (\$825,862)*

This project, in partnership with the Town of Maiden, will extend a water line from Water Plant Road down Davis Road to the intersection with Buffalo Shoals Road. Once complete, this

## UTILITIES & ENGINEERING

project will supply water to approximately 45 homes and address water quality issues caused by stagnant water on the dead-end line. This project represents the first phase of a water loop that will tie two dead-end lines together, one located on Water Plant Road and the other on Buffalo Shoals Road. The project is currently under contract. Construction should start in May and take a few months to complete.

### *Balls Creek 1 (Buffalo Shoals Rd.) Loan Program (\$645,886)*

This project, in partnership with the City of Newton, will not be initiated for several years. The State's Department of Transportation is widening Highway 16 and will construct the water line during the roadway widening. The County will then pay the State, and Newton will repay the County in loans.

### *Farmfield Acres Subdivision Water Loan Program (\$230,000)*

This project, in partnership with the City of Conover, will serve approximately 55 properties located on Rock Barn Road Extension, Farmfield Drive, and Acreland Drive. (Farmfield Subdivision is north of Conover and located at the intersection of Rock Barn Road and Oxford School Road.) A contract has been sent to the City for review and the County is awaiting a response.

### *Previously Approved Projects Closed*

### *Landsdowne Subdivision Water and Sewer Loan Program (\$950,000)*

This project, in partnership with the City of Conover, was going to provide water and sewer service to approximately 80 homes in the Landsdowne subdivision off Herman Sipe Road. The City of Conover is not prepared to move forward with the project at this time.

### *Highway 16 North Water (\$370,000)*

This project, in partnership with the City of Conover, was to extend approximately 3,100 linear feet of water lines along Highway 16 North and provide water service to 15 potential new customers. The City of Conover is not

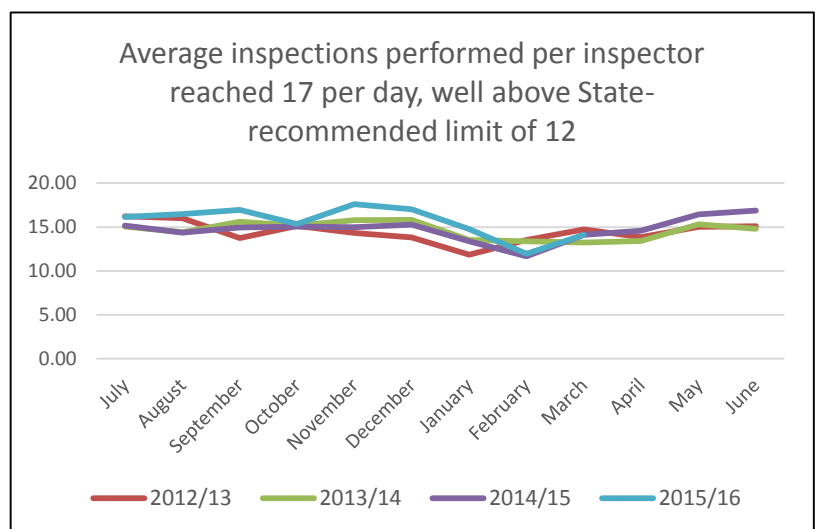
prepared to move forward with the project at this time.

### *Blackburn Elementary Sewer Extension (\$580,000)*

This County project had one customer, Blackburn Elementary School. The school no longer reports any major issues, and says that continuing the current septic system will be less expensive.

### *Building Inspections*

With the increase in building permit activity in the first part of this fiscal year, inspectors were conducting nearly 17 inspections per day compared to the State-recommended limit of 12. Thanks to technology that allows inspectors to access information in the field, they were able to handle this higher ratio for a time to ensure the increased activity was ongoing. By midyear it became necessary to hire inspectors to ensure the integrity of building inspections. Three building inspectors, one plan review official, and one permit center specialist were approved in January 2016. Increased staffing will allow more inspectors in the field and help reduce the number of daily inspections conducted to more closely align with the State-recommended limit. The budget continues this staffing addition, funded by increased building permit revenue.



## TECHNOLOGY

The County continues to invest in technology to provide a high level of service, improve reliability, and increase information access to citizens. These investments support the County's efforts to make more information and services available to the public online, streamline (and improve) business processes, and mitigate costs. Technology has become more and more crucial to delivering just about every service Catawba County offers. Establishing reliable replacement cycles for critical hardware and software is key to ensuring important services like E-911 telecommunications, EMS, building services and environmental health, planning and zoning, public health clinic operations, etc., are delivered without interruption and as efficiently as possible. To that end, the budget funds \$100,000 in increased support towards technology capital infrastructure, including:

- Establishment of a cloud-based e-mail back-up system to improve redundancy in case of emergency;
- Enhanced investments in detection of network security threats and vulnerabilities related to mobile devices;
- Update of oblique aerial photography images used for GIS, property valuation, public safety, building inspections, and planning and zoning, among others.

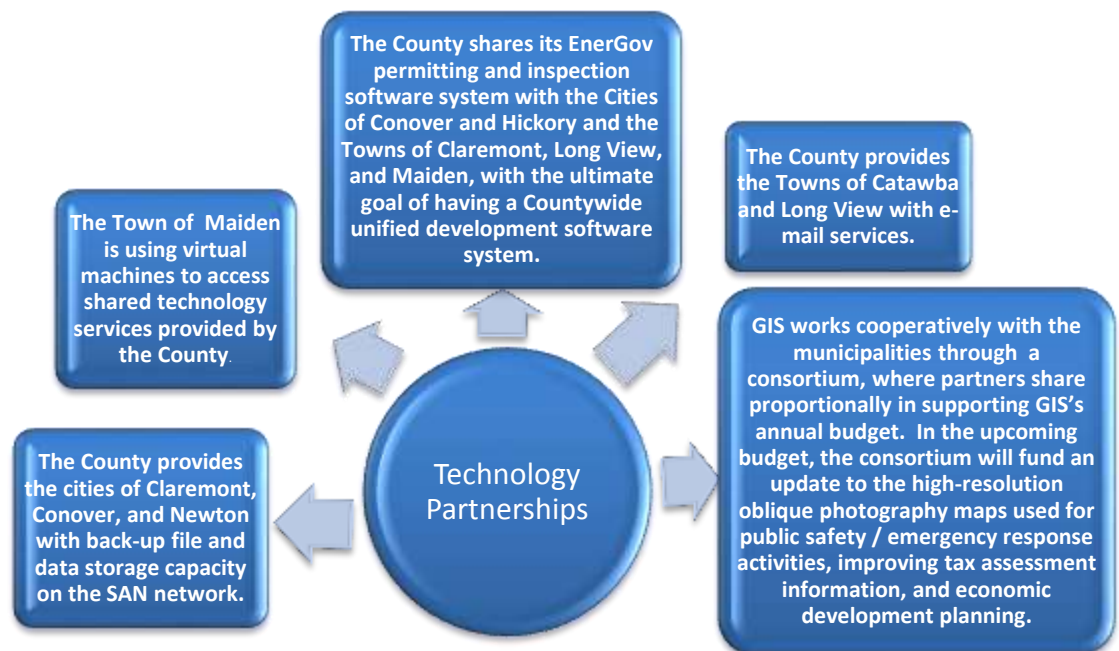
The budget also includes operating funds for an additional network engineer to support the JPSC expansion, based on the volume and complexity of technology planned for the new facility.

### *Technology Partnerships Save Money and Enhance Services*

The County continues to invest in technology designed to increase the public's access to County services, eliminate office space, and improve overall efficiency.

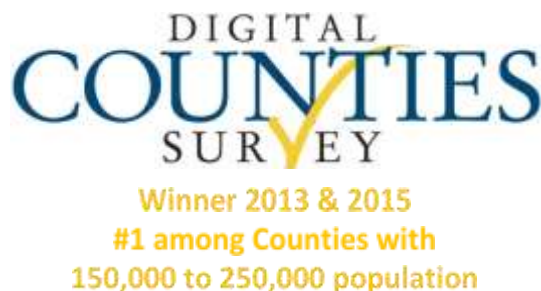
Collaboration is a foundational element of Catawba County's approach to using technology, as demonstrated by the multiple

partnerships the County has forged with other local governments and government agencies within the County. These relationships not only benefit the partner organizations, but they also save taxpayer money, regardless of their home jurisdictions



### *Digital Counties Award*

Catawba County has been recognized by the Center of Digital Government as the number one ranked county nationally in its Top 10 Digital Counties Survey Awards, among counties across the nation with at a population between 150,000 and 249,999. This is the second time in three years that the County has been ranked #1.





## Positions

The Fiscal Year 2016/17 budget includes 11 new positions and increases hours for 3 positions. In addition, 7 positions approved during Fiscal Year 2015/16 are added, and 26 positions left vacant from the sale of Home Health and contracting of Dental Services are eliminated from the budget. These changes result in a net reduction of 6.45 FTEs compared to the adopted Fiscal Year 2015/16 budget as follows:

New Positions Fiscal Year 2016/17	Position(s) Impacted
<b>Sheriff</b>	
Narcotics Investigator - 2 FTE	2
Court Bailiffs - 2 FTE (March 2017)	2
<b>Emergency Services</b>	
EMS Operations Supervisor - 1 FTE	1
Chief Animal Control Officer - 1 FTE	1
<b>Communications Center</b>	
Telecommunicators - 3 FTE (March 2017)	3
<b>Technology</b>	
Network Engineer - 1 FTE	1
<b>Facilities</b>	
Maintenance Mechanic - 1 FTE (February 2017)	1
<b>Total</b>	<b>11</b>
Increased Hours for Existing Positions	Position(s) Impacted
<b>Emergency Services</b>	
Increase Administrative Assistant - increased from .75 FTE to 1.00 FTE (March 2017)	1
<b>Finance</b>	
Increase Purchasing Specialist - increased from .80 FTE to 1.00 FTE	1
<b>Soil and Water</b>	
Increase Administrative Assistant position - increased from .50 FTE to .60 FTE	1
<b>Total</b>	<b>3</b>
Positions Added During Fiscal Year 2015/16	Position(s) Impacted
<b>Library</b>	
Digital Services Librarian - 1 FTE	1
<b>Utilities &amp; Engineering</b>	
Building Services Officials III - 4 FTE	4
Permit Specialist 1 FTE	1
<b>Solid Waste</b>	
Engineer 1 FTE	1
<b>Total</b>	<b>7</b>
Positions Eliminated	Position(s) Impacted
<b>Public Health</b>	
Home Health - 21.7 FTEs	22
Dental Health - 3.3 FTEs	4
<b>Total</b>	<b>26</b>

### *Salary and Benefits*

It is becoming increasingly important for the County to be competitive in attracting and retaining employees with the needed skills, training, experience, and customer focus to deliver high quality services to citizens. In keeping with national workforce trends, many long-tenured County employees are approaching retirement eligibility, which heightens the need to be competitive. Annually, Catawba County compares itself to peers to maintain its position as an employer of choice. Consistent with US News and World Report's top employee benefit trends for 2016 (wellness programs, financial fitness, and health benefits enhancement), the budget includes performance pay, expands wellness offerings, and addresses two areas where the County finds itself less competitive: supplemental retirement options and drug co-pays.

The budget includes 2.25 percent for employees who satisfy the performance expectations for their positions, as evaluated on their anniversary date. High performers will be able to receive an additional \$500 added to base pay, putting more money in the hands of lower paid employees because a lump sum will be a higher percentage of a lower paid employee's annual salary than a higher paid employee's.

Increasingly, the County is finding itself competing with employers that provide some level of 401K match to employees. **Twelve of the 13 counties that Human Resources typically benchmarks against, and that the County is in competition with for hiring, provide a 401K match (an average of 3.41 percent).** The City of Hickory provides a 1 percent 401K match. The County has been statutorily required to provide a 5 percent 401K contribution to all sworn staff since 1988. Assisting employees in retirement planning helps to promote financial health for employees and assists the County in attracting and retaining good employees. The budget establishes a 1 percent 401K match available to non-sworn employees.

Catawba County places a value on offering employees choices about their benefits. County employees can choose from two health plans: the Core or the Health Savings Account (HSA). The HSA has the lowest individual (\$1,300) and family deductibles (\$2,600) allowed by the IRS, but benchmarking shows the County offers less seed money annually (\$494) than its peers to mitigate these out of pocket costs. By comparison, the City of Hickory has a higher deductible (\$1,500) but provides more seed money (\$840) to help offset this cost. Additionally, many counties offer generic drugs free of cost. In order to remain competitive, HSA seed money is increased to \$600 per year, and employees on either County health plan will be able to obtain generic drugs without copay.

Additional salary and benefits are budgeted to cover a calendar anomaly that occurs once every 11 years. Catawba County pays employees on a bi-weekly basis, typically 26 times a year. Periodically, however, there are 27 pay periods based on the number of Fridays that fall between July 1 and June 30; such is the case in Fiscal Year 2016/17. County employees are not receiving additional compensation in total in the coming fiscal year.

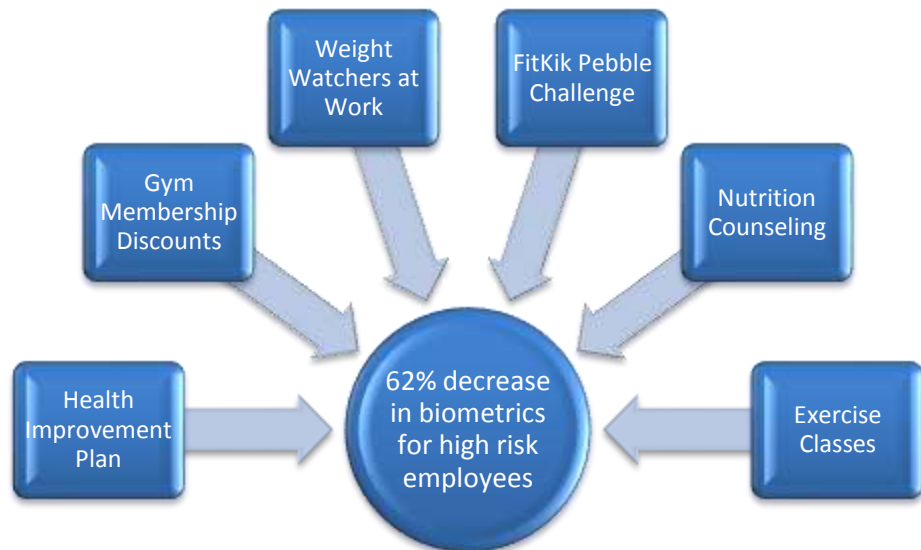
Catawba County is self-insured for health care coverage. As such, financial sustainability and making decisions that incentivize the workforce to be as physically healthy as possible are important. When it comes to health insurance costs, physical wellness and fiscal wellness are inextricably linked.

- Healthy employees are more productive, based on fewer work days missed due to illness or injury;
- Preventive care is less costly than reactive care, and employees who enjoy the benefits of healthy lifestyles generally have lower insurance claims than those who face chronic illness or poor health.



## HUMAN RESOURCES

Wellness efforts were expanded two years ago with the addition of eight programs to improve employees' fitness, nutrition, and weight management. At the time 154 employees were identified as high risk, meaning the employees had at least two biometrics in a high risk range. Fifty-one percent of the employees identified as high risk through the annual wellness screening participate in these programs and the number of employees considered high risk decreased by 6.5 percent. By 2015, 95 (62 percent) of the 154 high risk employees had made improvement. Wellness programming has heightened awareness of the organization's overall health as well as each individual employee's health, and employees participate in these programs on their own time. Through the FitKIK program, participating employees walked a total of 303,684,054 steps from July 2015 to March 2016 (1,229,490 steps per employee on average). Employees participating in the Weight Watchers at Work program have lost over 400 pounds in the last three years.



Employees have a monetary incentive to improve their health. The County implemented Healthy Choices Advantage (HCA) in January 2015, a model that increased rates by \$20 for employees with 2 or more biometrics in the high risk range. Employees with biometrics in the healthy or moderate ranges are not subject to the surcharge. Currently, only 36 employees pay the surcharge, either because they have biometrics falling outside healthy or moderate ranges or choose not to participate in required screenings.

Several years ago, the County created an on-site employee clinic called Employee Health Connection (EHC). This clinic, managed via contract by CVMC, saves the County and its employees both time and money—in the form of convenience, leave time/sick time avoided, and low- to no-cost basic preventive services—and reduces time away from work so citizens are better served. Some of the services provided by EHC include initial Workers Compensation reviews (24-hour recheck evaluations as well as drug screenings), physicals, annual blood screenings, health risk assessments, Hepatitis B injections, and Tuberculosis skin tests. The number of medical visits to the EHC grew by more than 80 percent in the first six months of the fiscal year compared to the same time-period last year driven by new services such as additional labs, removal of skin tags/lesions, and broader family care services being offered.

As previously stated, the County needs to remain proactive in preserving its position as an employer of choice. Offerings like the EHC are a convenience for employees, enhancing job satisfaction and morale, improving retention thereby leading to increased employee tenure, and ultimately making efficient use of taxpayer resources. So far this year, the EHC has already paid for itself and generated \$41,262 in savings (17 percent above the amount that Catawba County invested in the EHC) due to the higher cost of seeing a Primary Care Provider and estimated sick leave pay for employees to leave work for doctors' visits.

The County has done a great job engaging employees to improve individual health outcomes and using strategies like the on-site wellness clinic to save money. **Savings are apparent when comparing the County's health care cost growth of 4 percent to the industry cost increase of 6 percent.** Despite these savings, health care costs have increased above current contribution rates. The budget also includes a \$15.08 per biweekly increase in the County's share of health insurance premiums.



### Conclusion

Throughout the community, there are signs that Catawba County's economy is growing in a positive direction. A Wells-Fargo Securities Economic report from March 2016 noted, "Catawba County has quietly enjoyed a run of economic growth over the past 3 years," citing gains in total jobs, falling unemployment, and a noticeable uptick in local development activity as key growth indicators. Recent focus on diversifying the local economy and aligning workforce development efforts are paying off, with \$517 million in private investment and 434 jobs added or announced in the past year. Development activity in Southeastern Catawba County is stirring, another signal that Catawba County's economy is turning a corner. While increasing development activity is undoubtedly a positive trend for the community, it also serves as a harbinger of heightened service demands, underscoring the importance of proactively planning for the future and thinking ahead.

Guided by a strong philosophy of fiscal stewardship and conservative budgeting, and in alignment with the Board of Commissioners' annual goals, the proposed Fiscal Year 2016/17 budget invests in preserving and enhancing Catawba County's quality of life and economic vibrancy, with significant resources committed to education, economic development, public safety (in enhanced EMS service, Sheriff and E-911 Center staffing expansions, and plans for a future jail), and expanded parks access and amenities. These strategic investments will reinforce and accelerate the County's economic growth, contributing to strengthening quality of life to appeal to people of all ages.

Catawba County has always striven to balance citizens' current needs with the long-term financial sustainability of the community, delivering quality programs and services at a reasonable cost. The investments funded in this budget are all possible within existing revenue and a stable tax rate, emphasizing the County's commitment to achieving that balance. Motivated by a commitment to the public good, County employees continue to deliver excellent customer service, looking for better ways of doing business and increasing productivity. These values represent the best of what Catawba County has to offer its citizens, resulting in high-quality services and programs that align with the needs of the community.

This budget message and the complete budget document are accessible online at [www.catawbacountync.gov](http://www.catawbacountync.gov).